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ABSTRACT

This manual is intended to assist Peace Corps trainers in providing inservice technical training in small enterprise development. The following topics are covered: expectations and sharing of resources, problem analysis as a part of project identification, procedures in setting goals and objectives, steps in identifying project resources, the importance of feasibility/viability analysis, a feasibility model for projects, fundamental marketing concepts, techniques for gathering market information, quality control, the role of intermediaries in marketing, methods of costing and pricing products, roles/responsibilities and work plans, techniques of budgeting for small projects, record systems and cash books, noncash recordkeeping, simple balance sheets and income statements, accounting techniques for nonliterates, proposal writing, methods of funding proposals, and evaluation of the inservice training program. All materials included are targeted toward individuals who do not have academic backgrounds in business but who have become involved in local income-generating projects. All of the individual sessions have both a theoretical and practical basis in that they review important business principles and apply them specifically to host-country situations. (MN)

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Small Enterprise Development

In-Service Training Manual

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TRAINING MANUAL NO. T-43

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Peace Corps

PEACE CORPS

SMALL ENTERPRISE DEVELOPMENT
IN-SERVICE TRAINING MANUAL

Designed by
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July 1986

SMALL ENTERPRISE DEVELOPMENT IN-SERVICE TRAINING MANUAL

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INTRODUCTION TO THE SED TRAINING MANUAL
(IN-SERVICE TRAINING)

This manual was designed in response to Peace Corps' growing need for in-service technical training in small enterprise development. It is targeted for participants who do not have academic backgrounds in business, but who have become involved in local income-generating projects. The manual is applicable for Volunteers who are working with on-going projects, as well as for those who will be involved in the establishment of new entities. If at all possible, the IST should involve the Volunteers' counterparts as well to ensure that the skills learned have as wide an audience as possible.

Although the sessions were designed to provide a continuous process of skill development, they can also be adapted for use independently of one another. Conducting needs assessments before the in-service training programs would allow individual countries/training programs to choose the topics which are most appropriate for their projects and participants.

The sessions have both a theoretical and a practical basis, in that they review important business principles and apply them specifically to host-country situations. Trainers are encouraged to make use of the practical exercises as much as possible, as they will enable the participants to immediately apply their skills in the local context. As many of the Volunteers will be coming to the IST with either on-going projects, or ideas for new projects, it should be relatively easy to make the exercises useful and applicable.

It is asssumed that the trainers who utilize this manual will have strong technical backgrounds/experience, but not necessarily strong process training experience. Activities, therefore, are laid out very explicitly to enable the trainers to follow the sessions with relative ease. It is highly recommended that the trainers review the "Trainer Guide" carefully before the start of the IST, as it provides information on the manual format and basic principles of experiential training.

The authors would like to thank Gary Laidig, Linda Spink, and Michael Mercil for their guidance and input during the development of this manual. It has been our pleasure to contribute to the library of Peace Corps training materials for Volunteers.

Michael Goldberg (PRAGMA Corp.)
Carol Wzorek (PADCO, Inc.)

TRAINER GUIDE

I. INTRODUCTION

In order to effectively utilize this training course, the instructor needs to be familiar with the format of the modules and the training methodologies included. This Trainer Guide contains very specific instructions regarding the planning and delivery of the training program, as well as the steps to follow when facilitating the sessions. All instructors are encouraged to read the Trainer Guide thoroughly before the start of the training course.

Included are the following topics:

II. MODULE FORMAT
An explanation of how each session is organized; including title, time, content overview, objectives, trainer preparation, materials, and procedures.

III. ADULT LEARNING PRINCIPLES
An introduction to the ways in which adults learn best, and the role of the trainer in facilitating the process.

IV. EXPERIENTIAL TRAINING METHODOLOGIES
An overview of the learning process which actively involves the participants and helps them to apply what they have learned to their actual work situations.

V. TRAINER's ROLE
An explanation of what functions the trainer assumes when working with adult learners and creating an effective learning environment.

VI. TRAINING TECHNIQUES
An introduction/explanation of the steps utilized in a variety of training techniques, such as: lecturette, role playing, group discussions, and brainstorming.

VII. PLANNING TRAINING
An overview of issues to consider when planning a training program or workshop, including participants, purpose, and time.

VIII. ARRANGEMENTS FOR DELIVERING TRAINING
An introduction to the logistical considerations needed to effectively set up a training program.

IX. CONDUCTING TRAINING
An explanation of the key things the trainer must consider when actually running a training program.

X. EVALUATING TRAINING
An overview of the types of evaluation which can be conducted during, and after, the training program.

II. MODULE FORMAT

Each of the modules has an overview sheet which gives the module title, the approximate amount of time required to complete the module, and an overview of the module content.

Each of the modules has a number of individual sessions which have been organized according to the following format:

A. SESSION TITLE

Each session is numbered and titled for easy reference. The sessions within each module should be done sequentially as the sessions build on one another toward the overall module goals.

B. TIME

The total anticipated amount of time required for each session is indicated on the first page of the session. Times needed to complete various segments are indicated throughout the sessions to make it easy for the trainer to keep to the schedule. The times given are approximations of what will be needed to complete the session. Should it be necessary for the trainer to use an additional few minutes for a segment, that should be factored into the overall schedule.

C. RATIONALE

The rationale explains the general purpose of the session in one or two paragraphs. It also give an overview of the types of activities which will be utilized in the session.

D. OBJECTIVES

The session objectives state, in behavioral terms, what the participants will be doing during the session. They also indicate the skills the participants should have attained at the completion of the session.

E. TRAINER PREPARATION

This section indicates the preparation the trainer should have completed before the session actually starts. It includes the background materials to be read, the flipchart to be prepared, and the background information which needs to be gathered.

F. MATERIALS

The necessary materials--paper, pens, flipchart, markers, etc.--are listed in the section. The trainer should have all of them available before the session begins so that there will be no need to interrupt the flow of the session.

When flipchart (large sheets of paper) is prepared, care should be taken to ensure that it is clearly written, has large enough print to be seen from a distance, and is placed where all the participants can see it. If the flipchart is prepared carefully, it could be used for a series of workshops--thereby conserving paper and avoiding the necessity of frequent preparation.

To allow participants the opportunity to review their work, it is helpful to tape their flipchart on the wall around the room for easy reference. One of the responsibilities of the trainer is to check the walls each morning for flipchart that is still important to the up-coming work. Flipchart that is no longer needed should be removed, and folded on a table for future reference. (Do not throw away any flipchart until the course is concluded in case participants want to refer back to it.) Keeping the walls and tables neatly organized throughout the training workshop is essential for ease of movement and ability to refer quickly to important information.

All the handouts which will be given to the participants are listed in this section. They should be Xerox copied before the session starts, and ready for distribution at the appropriate time.

H. PROCEDURES

The actual steps of the session are indicated, and the approximate time required for each step is given. The procedures follow the Adult Learning and Experiential Training process explained in the next sections.

Many of the sessions require both large- and small-group work. For small groups, the trainer should pay close attention to the membership to ensure that the same individuals are not working together all of the time. Some techniques for dividing participants into small groups are:

- According to technical specialty;
- Having the participants count off and assigning the same number (all the 1's, all the 2's, etc.) to the same group;
- Counting off the participants and assigning numbers 1-5 to work together, etc.

In using small groups, be sure that the groups are far enough apart to allow them to work without interference (in separate corners of the room, in adjoining rooms), yet close enough to make it easy to reconvene the large group. For short, small-group exercises, keeping everyone in the same room will facilitate the process.

I. TRAINERS NOTES

These notes give additional information on the session content or the specific learning points presented in the Procedures section. They give the trainer information on the types of information the participants should be able to generate during different exercises, and provide general guidance on what points to stress in the exercises.

The notes also provide background information the trainer must have in order to fully understand the content of the session, and things to pay close attention to when giving directions or leading discussions.

III. ADULT LEARNING PRINCIPLES

The training modules focus on the development of the skills, knowledge, and attitudes necessary to be effective supervisors in Kenya. To facilitate the development and application of these competencies, the training approach is based on Adult Learning Principles, which state:

- Because individuals are unique, particularly in regard to the way in which they learn best, a training curriculum must utilize a variety of learning approaches in order to accommodate the different ways that people learn.
- Learning is not something which can be "injected" into people; it emerges from their experiences.
- Learning is most effective when the goals and objectives have relevance and meaning for the trainees in terms of their own lives, what they already know, and their personal goals.
- Learning is an inherent product of living. Training is most effective when it facilitates learning by focusing on issues and problems that are relevant to the trainees.
- Learning is meaningless if it is confined to the acquisition of facts and figures. Information must be supplemented by an understanding of why it is important, and how it can be used productively. Effective training facilitates this process.

Training based on the above Adult Learning Principles emphasizes the following:

- The role of the trainer as a facilitator of learning, rather than only as a provider of information.
- The use of a variety of educational methods, including:
  -- role plays
  -- small/large-group discussions
  -- brainstorming
  -- lecturettes, etc.
- The trainees' assumption of responsibility for their own learning.
- The participation of the trainees in activities aimed at meeting the learning objectives.

IV. EXPERIENTIAL TRAINING METHODOLOGY

Based on the concept that adults learn best when they are actively involved in the learning process, the training modules utilize an experience-based training approach. (See attached chart.) Following is a description of the components of the sessions:

A. CLIMATE SETTING

- Develops interest in the topic and stimulates thinking.
- Gives a rationale for why the subject is important to the participants and how they can use it after training.
- Links the session with previous sessions and places it in the overall context of the workshop.

B. CLARIFICATION OF OBJECTIVES

- States what will be accomplished during the session.
- Allows the participants to obtain any needed clarifications about the objectives.

C. EXPERIENCE

Consists of an activity that allows the participants to "experience" a situation which is related to the objectives of the session. Types of activities which may be included are: role plays, case studies, etc.

D. PROCESSING

- Allows the participants to share their reactions to the above experience.
- Provides for analysis and reflection by the group, guided by the trainer.

E. GENERALIZING

Provides the opportunity for the participants to see the similarities between the training experience and their outside lives.

F. APPLYING

Consists of identification of how the things learned from the training experience can be used in their lives outside of the workshop.

G. CLOSURE

- Summarizes the training session.
- Links the session to previous and future sessions.

Following are some key points for each of the stages:

Preparing:

Familiarize yourself enough with the material so that your presentation will be clear and relevant.

Make an outline of the points you want to cover, and put them on flipchart as a guide. Avoid writing down every word and reading it as this discourages participant involvement.

Starting:

Use a climate-setting activity to get the participants interested in the subject you will cover.

Tell the participants what you are going to talk about, and that you would like for them to participate in a discussion of the subject with you.

Presenting:

Use examples from the participants' work environment as much as possible.

Use simple, easy-to-follow, visual aids.

Summarize what you have said to be sure the participants understand.

Solicit comments and ideas from the participants throughout the lecturette.

Be natural in your presentation; use humor and enthusiasm.

Maintain eye contact with the participants to see if they are following the ideas and understanding them.

Closing:

Briefly summarize the main points you have covered.

Ask the participants to relate the points of the lecturette to their own work situations.

V. TRAINER's ROLE

In using the experiential training methodology, the trainer's role is primarily facilitative. This means that the trainer has the responsibility to provide the participants with an appropriate and effective learning environment, and to facilitate an active learning process. This includes:

- Encouraging the active involvement of all the participants.
- Promoting an atmosphere of cooperation.
- Adapting training activities and exercises to the specific needs of the participants.
- Providing linkages to other training sessions, and assisting the participants in doing so.
- Encouraging the participants to constantly relate training experiences to "real life" situations.
- Directing the participants toward materials and human resources they may need.
- Being available as resources, but not acting as "experts" who have all the answers.

VI. TRAINING TECHNIQUES

During the management training workshop, a number of training techniques are used, including:

- lecturette
- role playing, and
- group discussions

Following are brief descriptions of each technique:

LECTURETTE

A lecturette is different from a formal lecture given by some teachers in traditional academic settings. It is short, usually not more than 10 or 15 minutes. It involves the participants in discussion as much as possible. It has four stages: preparing, starting, presenting the major points, and closing.

Following are some key points for each of the stages:

PREPARING

- Familiarize yourself enough with the material so that your presentation will be clear and relevant.
- Make an outline of the points you want to stress, and put them on flipchart as a guide. Avoid writing down every word and reading it as this discourages participant involvement.

STARTING

- Use a climate-setting activity to get the participants interested in the subject you will cover.
- Tell the participants what you are going to talk about, and that you would like them to participate in a discussion of the subject with you.

PRESENTING

- Use examples from the participants' work environment as much as possible.
- Use simple, easy-to-follow, visual aids.
- Summarize what you have said to be sure the participants understand.
- Solicit comments, ideas from the participants throughout the lecturette.
- Be natural in your presentation; use humor and enthusiasm.
- Maintain eye contact with the participants to see if they are following the ideas and understanding them.

CLOSING

- Briefly summarize the main points you have covered.
- Ask the participants to relate the points of the lecturette to their own work situations.

ROLE PLAYING

Role Playing is a training technique in which participants act out a situation in front of the rest of the group. In order to decide what they will say or do in the role play, participants are given a situation described in detail and assigned a specific role to play. The key elements of the role play involve learning through: doing, imitating, observation and feedback, analysis. In summary, role playing represents a form of experiential learning.

Role playing can be used to examine problems, to explore solutions, and to provide insights into attitudes which are different from those of the participants.

TYPES OF ROLE PLAYS

STRUCTURED ROLE PLAYS

In this type, the trainer selects both the situation and the roles to be played, and specifies the goals of the activity. Written materials describing the situation and the roles are given to the participants.

SPONTANEOUS ROLE PLAYS

In this type, the role play arises from a group discussion, without advanced planning by the trainer.

HOW TO DEVELOP A ROLE PLAY

A. Choose a situation that is realistic to the training participants and consistent with the objectives of the session.

B. Define the problem or issue in the situation to be played.

C. Determine the number of role players needed.

D. Develop the specific roles for each person by answering these questions:

  - What is the person like?
  - What is important about the person's background?
  - How does the person feel about the other role player(s)?
  - How does the person feel about the situation?

  These role questions should be written, or given orally, to the role players.

HOW TO SET UP A ROLE PLAY

Regardless of the number of role plays and the types of participation, the trainer should start the role play in the same way:

A. Describe the purpose of the role play. (All participants.)

B. Describe the situation briefly and clearly, even if prepared written roles are used. (All participants.)

C. Ask for volunteers to play the roles, or select individuals. (Be careful not to select individuals who might have situations very similar to the problem, or who might feel too embarrassed to role play.)

D. Brief the role players. Allow enough time to understand or read the roles. Tell role players to create facts or information either not explained or forgotten in the roles. Tell them to try not to overact.

E. Tell the observers what to look for during the role play.

F. Set the scene by arranging the chairs.

HOW TO MONITOR A ROLE PLAY

A. Start the action by telling the role players to begin their conversation.

B. Observe quietly on the sidelines; do not interrupt.

C. Monitor the time, and stop the role play at the appropriate point. Don't continue too long; often the role play will arrive at a natural ending point.

D. Thank the role players, using their real names. This removes them from their roles and provides a transition for the discussion which follows.

HOW TO PROCESS A ROLE PLAY

A. Allow the role players to comment on the experience before the observers. Between the players, allow the person who had responsibility for "solving the problem" to speak first.

B. Ask for comments/observations from the audience. Review the way the situation and interaction developed; why the role players behaved the way they did; how it might have been done differently to achieve better results.

C. Encourage the observers to describe their own feelings as certain events occurred, rather than only analyzing the behavior of the role players.

D. Summarize the major issues as they relate to the purpose of the role play. DO NOT evaluate the acting abilities of the role players. Keep the focus on what the role players contributed to the understanding/resolution of the problem in the situation.

GROUP DISCUSSIONS

Discussion is an important way in which the participants involve themselves in training. They will measure the success of a training event by their own involvement in it, and the satisfaction they received from participating in meaningful discussions. Communication is a two-way process. Lectures are never as satisfying as sessions in which everyone is allowed to participate.

There are two types of group discussions in training:

LARGE-GROUP DISCUSSION

When leading a large group discussion with all of the participants, your responsibility is to keep the discussion moving, ask questions, and ensure that the discussion stays on the subject. Each time an exercise requires a large-group discussion, the trainer has been provided with specific questions to use.

One of the challenges is to establish an enviroment in which the participants feel free to disagree, try out new ideas, discuss their own experiences, and propose solutions/conclusions/strategies.

SMALL-GROUP DISCUSSION

In small-group discussions, the trainer's responsibility is to make the instructions clear and let the groups work on their own. A natural leader will usually emerge in each small group. However, the trainer should quietly move from group to group to make sure the assignment is being done correctly. At the end of the small-group discussion, the conclusion or ideas from each group are usually reported to the large group.

At the conclusion of every small-group exercise, there is a series of processing questions to ask the large group. The trainer's role is to ask the questions, listen carefully to the responses, and help the participants draw conclusions about what they learned. It is important to ask open-ended questions that make people think about their responses rather than merely replying with a simple "yes" or "no".

DISCUSSION LEADERSHIP GUIDELINES FOR TRAINERS

In group discussions, the role of a trainer is to:

- Stimulate discussions with provocative questions that are used to initiate thinking and promote a lively exchange of ideas.
- Keep the discussion meaningful and relevant to the majority of the participants and the objectives.
- Get as many participants involved in the discussion as possible.
- Provide facts, policy, and other subject matter expertise as needed (from the trainer or from other participants).

In essence, a trainer is a catalyst--stimulating and guiding discussion, suggesting directions rather than pushing or pulling, talking with participants rather than at them, serving as a resource.

One of the most frequent use of questions is in directing the group's attention to issues they have not considered. Following are some suggestions about how questions can be used to stimulate thinking:

ASKING QUESTIONS
When possible, ask questions that are: open-ended, describe processes or procedures, require thoughtfulness, focus on feelings/reactions values, are perceived by the participants as helpful. For example:

Situation	**Sample Question**
All available information has not been given; you want to encourage the participants to think more.	"I wonder if we've received all the information needed to reach a decision?
The discussion is wandering from the topic; you want to bring it back on track.	"What point are we now considering?
A summary of group consensus is needed before continuing.	**"I wonder if someone could summarize** the **points where we agree and disagree?"**

CHECKING FOR CLARITY
Participants tend to be more motivated to learn when they feel that the trainer understands them. Understanding the participants means understanding both what is being said and what is being felt. Using the following phrases can be helpful:

"If I understand you correctly, you're saying that...."

"Let's make sure everyone understands the point you're making. Would you summarize it for us? (Restatement by the participant.)

"I'm not sure I understand the point that Mr. X is making. Would one of you clarify it for me?" (Restatement by another participant.)

"What you're saying raises a question in my mind. For example, do you...? (Direct questioning.)

How do the rest of you feel about Ms. Y's comments? (Other participants give reactions.)

BRAINSTORMING

Brainstorming is a special type of discussion. It is commonly used in real problem-solving situations. As a training technique, it has two purposes:

- To teach participants not to make judgments until a maximum number of ideas have been developed.
- To train participants to listen positively to the ideas of others, without making negative comments that discourage creativity.

Brainstorming is based on the theory that groups can develop more ideas than individual members can alone. The basic principles of brainstorming are:

1. Generate ideas without evaluating them. There will be time for evaluation later in the process. In brainstorming, quantity is the goal: the more ideas the better. This doesn't mean that quality is unimportant--only that when people stop to challenge quality during the creative process, they inhibit creativity.

2. Create new ideas by offering alternatives (adding, deleting, reversing, consolidating, etc.) those already suggested.

3. Put all the suggestions on flipchart in front of the room during the exercise. This reinforces and encourages the participants to develop ideas.

The total brainstorming exercise includes three phases: development of ideas, analysis, and action planning. In the second phases, participants ask for explanations of strange terms or unfamiliar ideas. They establish criteria for selecting the best ideas, then test the ideas against the criteria. As ideas are rejected because they don't meet the criteria, the group is left with a list of workable options. From these, they can select the "best" solution. Finally, the group moves to the final phase, action-planning. This consists of outlining the steps needed to put the adopted solution into operation.

VII. PLANNING TRAINING

Although there are many structured exercises available to a trainer, it is important that the trainer adapts each one for the particular group of participants. Some basic questions to consider when planning a training program or workshop are:

- **WHO** are the participants? Education level? Experience on-the-job?
- **WHAT** is the purpose of the session or workshop?
- **HOW** much time does the trainer have for the training?

Select the activities carefully. What has worked once may not necessarily work again. If using a design which has already been developed, be sure to spend enough time in preparation to be comfortable using it. Look for gaps in the explanation of procedures, and decide what must be done to ensure that the flow is smooth and logical.

VIII. MAKING ARRANGEMENTS FOR THE DELIVERY OF TRAINING

Every training situation has its unique characteristics, but, in almost every case, the following areas will need to be considered:

PLACE:

When choosing a location for a training event, consider the following:

- Is it conveniently located?
- Is it available at the appropriate time?
- Is there enough space?
- Are there extra rooms/places for small groups to meet?
- Are eating places nearby?
- Can films or other audio-visual material be used?
- Is there the possibility of noise or other distracting activity?
- Can seating arrangements be altered?

When setting up a place, consider the following:

- Seating arrangements--the ability to move chairs around, and to put them into circles/rows, etc.
- Blackboards/easels, etc.
- Availability of refreshments
- Ventilation
- Projector and screen

SUPPLIES:

Arrange to have necessary items on hand, such as:

- Name tags
- Pencils/pens/magic markers
- Flipcharts
- Notepaper
- Paper cups, coffee, sugar, tea, etc.
- Masking tape
- Projector, tape recorder, etc.
- Chalk

MATERIALS:

Prepare or obtain materials to be used, such as:

- Flipcharts
- Handouts
- Case Studies

TRANSPORTATION:

Arrange transportation for the participants, if necessary, or provide instructions for reaching the training place. Be sure the instructions are clear to everyone, and that they can get to the location at the appropriate time.

CONSULTANTS:

All of the resource people the trainer plans to use during the training should be contacted in advance. Make certain that they understand the role they are to play, and can fulfill expectations; discuss with them their part in the training and offer assistance, if necessary, in planning what they will do and how it will fit into the overall design planned.

TECHNICAL PREPARATIONS:

Any equipment needed should be tested before the course to ensure that it is working properly, and that someone is available to operate it.

IX. CONDUCTING THE TRAINING

When the session begins, it is too late for the trainer to plan what must be done. The process is already underway, and the trainer is expected to facilitate the training process of the participants. Following are some helpful hints to make a trainer's role an easier, better organized one.

REHEARSE INSTRUCTIONS:

Clear instructions are critical. Giving step-by-step instructions is preferable to giving a list of instructions at once. It is important not to overload the participants with instructions; give the directions as needed.

ARRANGE THE ROOM:

For the training to proceed smoothly, it is important to have the room arranged effectively. Easels, blackboards, etc., should be placed where all the participants can see them easily. Chairs, tables, etc., should be arranged in a manner which allows for easy interaction among the participants, and good eye contact with the trainer/other group members.

Formal seating arrangements, with the chairs and tables in rows, should be avoided as it tends to encourage a lecture environment with little interaction with the participants. If possible, separate tables with a small number of participants at each. If this cannot be done, arrange the tables in a horseshoe design so that the participants can see each other and the trainer.

BRIEF THE OBSERVERS:

Many structured experiences require observers who need to know what and how to observe. The value of observation is considerably enhanced when observers are sure of their task.

KEEP THE SESSION MOVING:

There is a natural pace to training sessions. How quickly or slowly it proceeds depends on the participants, the task, the material being covered, and the trainer. Although the first two elements will probably influence the trainer's judgment on such things as timing and the sequencing of events, the trainer alone will know what can be most comfortably done.

GIVE TIME CUES:

Remain in charge of starting, stopping, or interrupting the exercises. Cues (such as, "When I give the signal...."; or, "Take five more minutes....") keep the exercise well-paced and focused.

INSIST ON ATTENTION:

The trainer needs the group's full attention when giving instructions and directions. Focus the group's attention by waiting for quiet, using charts, and writing out directions when necessary.

REVIEW REGULARLY:

Review the material learned from each activity when it is appropriate and practical. This helps the participants to be clear about their learning progress and skill development. Also, it gives them time to discuss what they have learned and integrate it into their own behavior.

CLOSURE:

This is a very important part of the experiential training process. It provides for the following:

- Review of all of the experiences of the session or the workshop up to that point.
- An opportunity to sum up what has been learned thus far.
- An application of the session content to the regular work setting to which the participants will return.
- A linkage of the session to previous material covered, and to that which will be addressed in future sessions.

X. EVALUATING THE TRAINING

In using the experiential training methodology, the trainer has constant feedback about how the participants are doing. Through the use of group exercises, large/small-group discussions and presentations, the participants immediately apply what they have learned and receive comments from the group and the trainer. This gives the trainer an opportunity to reinforce what is being learned, and to assist the participants in clarifying any misunderstandings.

This, combined with a more formal written evaluation exercise at the end of the workshop, should provide valuable information on what the participants have learned and the effectiveness of the training design.

SESSION I: EXPECTATIONS/SHARING OF RESOURCES

TIME: 1 HOUR, 30 MINUTES

RATIONALE:

As unmet expectations are one of the most frequently expressed frustrations in training, this session will give the participants the opportunity to examine their own expectations of in-service training and to see how these concerns/needs fit into the goals and objectives of the training program. It will also give them an opportunity to begin to learn what types of projects other participants are planning/working on. Finally, the session will set the stage for how the participants and staff will work together during the remainder of the sessions.

OBJECTIVES:

1. To identify and share individual expectations of in-service training, and relate these expectations to the overall goals and objectives of the program.
2. To understand trainer expectations of the in-service training program and of participant performance (including assessment dimensions, as appropriate.)
3. To establish group norms for participation in the SED training program.
4. To share information regarding the project ideas/realities that participants have brought to in-service training.

TRAINER PREPARATION:

1. Brief other staff on expected outcomes of the session.
2. Go over the schedule for clarity.
3. Establish trainer norms that you will want to include during segments on norms.
4. Review the pre-training questionnaire for type of projects participants are developing.

5. Prepare newsprint for the following items:

   - session objectives
   - training schedule (must be able to be seen from a distance)
   - over-all in-service training goals

MATERIALS:

1. Newsprint and magic markers
2. Note paper and pens; tape

PARTICIPANT HANDOUTS:

1. IST Schedule

PROCEDURES:

Introductory Statement: (5 min)

1a. Mention that one of the most frustrating experiences participants can have during in-service training is not having their expectations met. This session will provide an opportunity to identify the participants' goals and match these expectations with the prepared training schedule. It will also be used to establish norms for this IST that will ensure harmonious operation and expedite learning. Finally, it will provide an opportunity to begin to share information on projects different participants are developing.

1b. Review the objectives for the session and clarify any questions the participants may have regarding them.

Expectations of In-Service Training: (15 Min)

2a. Ask the participants to individually write down their answers to the following question: What I Would Like to Learn During In-Service Training. Have them rank the items according to their importance.

2b. Solicit each participant's top two expectations for IST and put them on newsprint, obtaining any needed clarifications as you proceed. (For similar expectations, put checks next to the statement to indicate agreement).

2c. Pass out copies of the IST training goals and schedule (already on newsprint), and match it with the participants' expectations, identifying those items which will be addressed and those which (due to limited time) will not be formally handled. (10 Min)

TRAINER NOTES

Share your own expectations of the in-service training with the group, and add them to the composite list on newsprint.

Suggest that expectations not being formally addressed during the in-service training may be dealt with informally during free time.

Included in the goals of the training program could be the following:

- To introduce and practice income-generating project skills
- To enable the trainees to effectively transfer these skills to counterparts/clients in the host country.

Group Norms: (10 Min)

3a. Explain to the participants that, in order to work together effectively, it is desirable to develop a set of mutually agreed-upon norms. Ask the participants to suggest any norms they feel are desirable for the IST program, and put them on newsprint.

3b. Ask the staff if they have any norms they would like to add to the list.

TRAINER'S NOTE

Included in the norms could be:

All sessions start on time.
Everyone must attend all sessions.
Quiet times and places for study.
Responsibility for sharing knowledge, resources, and skills with each other.
No talking during presentations.
Respect for those people with whom participants interact.

3c. Explain to the participants that these norms will be left on the wall as a reminder of decisions that have been made collectively on working together; norms may also be added as the circumstances arise.

Small Group Sharing of Projects: (30 Min)

4a. Put the list of the participant projects (gleaned from the pre-training questionnaire) on newsprint, and give a brief overview of the types of activities involved.

4b. Divide the participants into small groups with similar project types, and assign the following task:

- Present a five-minute summary of the project to the small group.
- Note commonalities/differences among the projects and the major issues/problems on newsprint.
- Prepare a five-minute summary of the newsprint results for the large group.

Small Group Presentations: (15 Min)

5a. Have each small group make its presentations, and point out similarities in projects/issues across the groups.

5b. Lead a short discussion of the participants' overall impression of the resources that exist in the group, and how they might utilize them throughout the training program.

Closing:

(5 Min)

5. Close the session by reinforcing the fact that the skills and knowledge of the participants will be called upon during the up-coming sessions, and encourage the participants to utilize each other's expertise throughout the in-service training program.

1. Pre-training questionnaire could include the following:

   The In-Service Training to be offered will cover many of the critical issues in project design and implementation, especially for income-generating projects. Please describe your current or projected project in terms of the following considerations. The more information you can provide before coming to the IST, the better the preparation of the training staff will be to meet your project's specific needs. Thank you for your cooperation.

   - Please describe the ongoing or planned activities involved in the project (chickens, sewing, etc.). Briefly describe how the activities were chosen, and how long the project has been operating.
   - How many people are involved in the production group?
   - How are members chosen? Is there a system of internal bylaws, a charter?
   - How are responsibilities assigned/shared?
   - Is there an accounting system for the project? If so, what information is collected and what documents are used?
   - Has a marketing plan been devised for the final product?
   - What are the three most important problems facing the project at this time?
   - Please bring SAMPLES of the group's final products, raw materials, any advertising the group has done, examples of packaging, and other information or samples that may help others in the group understand what goes on in your project.

SESSION 2: PROBLEM ANALYSIS AS PART OF PROJECT IDENTIFICATION

TIME: 2 HOURS, 30 MINUTES

RATIONALE:

One of the most important tasks Volunteers face is helping to find appropriate solutions to a variety of local problems. There is no shortcut to successful problem-solving and decision-making; it requires rational and systematic analysis, and it consists of a definite sequence of steps. In this session, the participants will focus on the steps of problem-solving as they apply in a cross-cultural context, and as they relate to their work with community projects.

OBJECTIVES:

1. To identify and analyze the key elements in a development problem situation, including causes and effects.

2. To practice the six-step model of problem-solving, as it applies to project identification.

TRAINER PREPARATION:

1. Read the following article, "Six-Step Problem Solving Approach" for background before the session.

2. Check with the participants to see if they have done the RVDW Problem-Solving session during pre-service training. If so, use the first part of the session to review the problem-solving steps and proceed to the project application.

3. Prepare newsprint for the following items:

   - Session objectives
   - Six-Step Problem Solving Approach
   - Instructions for the Fishbowl Exercise
   - The steps of problem analysis for project identification.

(Session adapted from SPA Project Design and Management Manual)

MATERIALS:

1. Newsprint and markers
2. Writing paper and pens for participants

PARTICIPANT HANDOUTS:

1. Six-Step Problem-Solving Approach
2. Forms for Charting a Problem-Solving Discussion

PROCEDURES:

Introduction: (5 Min)

1a. Review the rationale for the session, as written above. Point out to the group that the six-step problem-solving method they will be using during the session can be used when working with communities in the development of projects, and can also be helpful in solving cross-cultural or personal issues that come up during their Volunteer service.

1b. Review the objectives for the session, (already on newsprint) and clarify any questions the participants may have regarding them.

Six Steps of Problem Solving: (10 Min)

2a. Ask the participants to think about the kinds of problems they have experienced in their work as PCVs, and develop a list of the most important problems on newsprint for use in practicing the six steps of problem-solving.

2b. Distribute the handout, "Six-Step Problem Solving Approach", and review it with the participants to ensure that everyone understands it clearly.

Fishbowl Exercise: (45 Min)

2c. Divide the large group into two small groups for a fishbowl exercise (Group A and Group B), and assign each group one problem to work on from the list they generated earlier in the session. (Be sure that the problem selected actually exists in their current job situations to ensure that the discussion is relevant.

2d. Set up the fishbowl exercise with Group A in the center of the room and Group B surrounding them. Ensure that the observers are close enough to hear the interactions of the inner group, but not so close that they interfere.

2e. Provide the following instructions for the task:

   a. Group A will discuss the problem they have been assigned, following the steps of the problem-solving sequence.

   b. Group B will observe the discussion and chart the sequence using the "Form for Charting a Problem-Solving Discussion".

   c. At the end of Group A's discussion, roles will be reversed. Group B will discuss its assigned problem, and Group A will chart the sequence.

2f. Distribute the charting forms to Group B, and briefly explain them. Instruct Group A to then begin its discussion.

2g. At the end of the appointed time, have the groups reverse roles. Distribute the charting forms to Group A, and briefly explain them. Instruct Group B to then begin its discussion.

At the completion of both group discussions, ask each group the following questions:

- What pattern did the other group tend to follow when discussing its problem?
- What were some of the difficulties in following the problem-solving sequence?
- Was the group able to achieve a consensus? If not, why not?
- Did you notice any patterns of communication within the group? Did some members take on leadership roles? Did everyone participate in the process? How?

2h. Lead the large group in a discussion of the following points:

- How the use of this process can be of assistance in solving problems related to small community projects.
- What issues can occur when problems are not carefully analyzed during the project planning phase.

TRAINER NOTES

Include the following areas, if the participants do not identify them on their own:

- Jumping immediately from problem identification to solution.
- Confusing problems with causes.
- Finding the right solution to the wrong problem.
- Not clarifying the problem.
- Not identifying criteria to evaluate the effectiveness of the solution.

CLOSURE: (5 Min)

3a. Close the first portion of the session by explaining to the participants that the problem-solving approach they have just practiced can be used in the development of their income-generating projects, and that the second half of the session will focus on the application of the process to the project ideas they brought with them to IST.

3b. Pass out the handout, "A Problem-Solving Process," for the participants to read during the break.

BREAK: (15 Minutes)

PROBLEM ANALYSIS IN PROJECT IDENTIFICATION

4a. Remind the participants that, during the first half of the session, a number of difficulties were identified when the logical steps of problem-solving were not followed. Point out that following these steps is particularly important when considering a potential project because identification of the problem to be solved sets the stage for the type of intervention which is really needed. Tell the group that this part of the session will focus on applying the problem-solving steps to community problems and potential project interventions.

4b. Pass out the "Problem Worksheet" and divide the participants into trios. Assign the following task: (70 Min)

- Working individually, select a community situation at your site for which you would anticipate the need for a project intervention. (Allow a few minutes for the participants to make their selections.)
- Write a problem statement for your community situation, being as clear and concise as possible, while giving enough information for someone else to be able to understand the problem.
- Exchange problem statements, and examine the possible causes of the problem. Outline what information you would want to have in order to analyze the problem. (15-20 Minutes)
- Exchange sheets again, and develop a list of alternative solutions for the problem statement and analysis you have received. (15 - 20 Minutes)
- Retrieve your original problem statement, and review it individually.
- Review each problem statement, analysis, and alternative solution within the trio. Obtain any needed clarifications and discuss the following points: difficulties understanding the problem statement, whether the possible causes have merit, and which of the alternatives may be feasible. (This should lead to the selection of the best solution).

4c. Reconvene the large group and facilitate a discussion on the following questions: (10 Min)

- What was learned from reading each other's problem statements?
- Was it easier to analyze a problem and generate new solutions when you weren't involved?
- How might this exercise relate to real life situations when PCVs and communities are defining problems and trying to map out solutions?

Closing: (5 Min)

5a. Close the session by indicating that the problem statements and solutions generated during this session will form the basis for the next step in project development---setting objectives.

Session 2
Handout 1, p.1

SIX-STEP PROBLEM SOLVING APPROACH*

STEP 1: **Identify, State and Clarify the Problem:** Involves becoming aware of the problem, clarifying what seems to be involved, locating where the difficulty is, deciding on the main issues of the problem.

> For example, the apparent problem is that no one in the community X is attending the classes given by a Peace Corps Volunteer. After clarification, it might be discovered that the real problem is the Peace Corps Volunteer's failure to build a credible image in the community.

STEP 2: **Analyze the Problem by Gathering Facts and Information:** Involves gathering data that are needed to work on the problem in order to get to know the "ins and outs" of the problem.

> For example, gathering information about why the Peace Corps Volunteer does not have credibility and what "credibility" in that town really means, will help clarify the ins and outs of the problem.

STEP 3: **Develop Alternative Solutions:** Involves listing and examining all the various possible ways of solving the problem.

> For example, the Volunteer could brainstorm a number of possible courses to take. He/she could try a small vegetable garden in part of his/her house, try to get to know people better on an informal basis, conduct a needs assessment, etc.

STEP 4: **Select the Best Solution and Design a Plan of Action:** Involves choosing from among all the alternative solutions to determine the best one. The ideal alternative may not be the best alternative at the moment. The best alternative is best based on factors such as budget, time, politics, etc.

> For example, the Volunteer might first attend community activities, next visit families, and then begin to actively work to develop community awareness.

STEP 5: **Implement the Solution:** Involves putting the solution into action.

STEP 6: **Evaluate:** Involves determining the effects or ramifications of the solution.

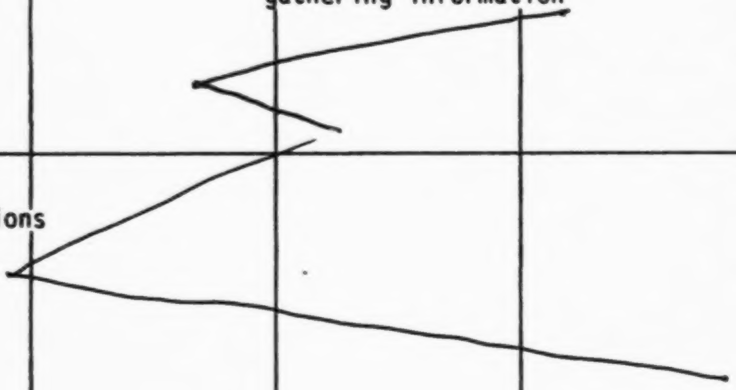
> For example, at some point the Volunteer determines if he/she has more credibility and people are attending classes, or if his/her actions have caused any other results not expected or desired.

*Adapted from Peace Corps/RVDW Manual

FORM FOR CHARTING A PROBLEM SOLVING DISCUSSION*

Chart the problem solving discussion by placing a pencil at the X in column 1. Move the pencil to indicate (using a zigzag) how long the discussion continues in that column. Move back and forth to other columns as required to show the flow of the discussion.

IDENTIFY, STATE, AND CLARIFY THE PROBLEM	ANALYZE THE PROBLEM BY GATHERING INFORMATION	DEVELOP ALTERNATIVE SOLUTIONS	SELECT THE SOLUTION AND DESIGN A PLAN OF ACTION	IMPLEMENT THE SOLUTION	EVALUATE
Example Group spent little time clarifying the problem		Group jumped right to a solution then moved back to gathering information			
ur observations					



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* Adapted from Role of the Volunteer as Development Worker Manual

FORM FOR CHARTING A PROBLEM SOLVING DISCUSSION

Chart the problem solving discussion by placing a pencil at the X in column 1. Move the pencil to indicate (using a zigzag) how long the discussion continues in that column. Move back and forth to other columns as required to show the flow of the discussion.

IDENTIFY, STATE, AND CLARIFY THE PROBLEM	ANALYZE THE PROBLEM BY GATHERING INFORMATION	DEVELOP ALTERNATIVE SOLUTIONS	SELECT THE SOLUTION AND DESIGN A PLAN OF ACTION	IMPLEMENT THE SOLUTION	EVALUATE

SESSION 3: SETTING GOALS AND OBJECTIVES

TIME: 2 HOURS

RATIONALE:

Once the community and the Volunteers have identified a problem, analyzed its causes and effects, and determined the type of assistance needed, the next step is to set goals and objectives. During this session, the participants will focus on writing clear, relevant, feasible objectives for project assistance. They will use the information developed during the previous session as the basis for their work.

OBJECTIVES:

1. To differentiate between goals and objectives, and determine the need for each in projects.
2. To convert problem statements into measurable objectives for business or project assistance.
3. To critique project objectives, based on their clarity, feasibility, relevance, and measurability.

TRAINER PREPARATION:

1. Review the sections on goals and objectives to ensure clarity of your lecturette, and read the handouts for background information.
2. Develop an "incomplete" project objective, based on the problem statements from the previous session. Use this to introduce the section on elements of good project objectives (4a).
3. Develop 3-4 project objectives, based on the participants' primary assignments. Leave out critical elements in each to allow the participants to improve them according to the criteria they have learned (4c).
4. Prepare newsprint for the following items:
   - session objectives
   - lecturette main points
   - levels of objectives
   - incomplete objectives

MATERIALS:

1. Newsprint and magic markers

PARTICIPANT HANDOUTS:

1. Project Design Summary Chart
2. Writing Objectives.
3. Levels of Objectives

PROCEDURES

Introductory Statement: (5 Min)

1a. Introduce the session by explaining to the participants that establishing clear goals and objectives during the design phase of a project is an important step in ensuring that the purpose of the project is well-understood before undertaking expensive implementation costs.

1b. Review the objectives for the session (already on newsprint), and clarify any questions the participants may have regarding them.

Lecturette: (15 Min)

2a. Deliver a lecturette on goals, stressing the following points:

> Determining the goals for a project helps you begin to focus on where you want to be at its conclusion. It tells you what you want to accomplish; how you want the situation to be different.
>
> Goals: (on newsprint)
>
> - Are a desired future condition, something to strive toward.
> - Can have a short- or long-term timeframe for achieving the future condition.
> - Can be broad or specific in focus, depending on the situation, but should provide direction and thrust.
> - Should be stated in quantitative, concrete terms.

An example of a goal is as follows:

> Increase the number of pairs of shoes produced and sold in a month from 110 to 120.

2b. Ask the group to generate about ten examples of goals for their primary assignments, and put them on newsprint for use later in the session.

2c. Continue the lecturette by explaining that any goal needs to be evaluated before work is done. The evaluation helps to determine whether or not the goal is appropriate. Through the evaluation process, the goal will be confirmed, abandoned, or changed to a more appropriate one. Evaluation includes:

a. Desirability: Is the target or goal compatible with overall policy, direction and mission of the individual or group you are working with? Can the individual or group stand behind this goal and see it as desirable for them also?

b. Benefit: Are the benefits that will be gained from achieving this particular goal worth the effort that it will take to carry it out?

c. Likelihood of Success: Are the necessary resources (both people and non-people) available to reach this goal? If the resources are not available, are they obtainable? Are the necessary skills and budget available?

d. Pitfalls: What problems might arise in working to achieve this goal? Is approval from other places needed in order to achieve the goal? Will there be resistance from group members in achieving this goal?

Group Discussion: (15 Min)

3. Have the participants look at the list of goals they developed earlier for their primary assignments and complete the following task:

- Evaluate the goals according to the four areas just discussed, pointing out any weaknesses.
- Modify the goals in such a way that they would better withstand evaluation.

(15 Min)

Large Group Discussion on Objectives:

4a. Write an "incomplete" objective on newsprint, based on the problem statements developed during the previous session. Ask the participants what additional information would be needed to make the objective complete. (Use their responses to develop a list of "What Makes A Good Objective" on newsprint).

TRAINER NOTES

An example of an "incomplete" objective for an income-generating project might be the following:

Increase sales of some of the products.

An example of a "complete" objective might be:

Increase sales of women's shoes by 20% during the next month.

4b. Use the results of the above discussion to develop a list of "Elements of Good Project Objectives". Questions you can use to help prompt the development of the list are:

- Why is it important to state objectives in measurable terms?
- What kind of information do you need to include in the objective?
- What happens if a project objective is clear and measurable, but impossible to achieve?

TRAINER NOTES

Ensure that the above list includes the following elements:

- measurable (based on behavior)
- relevant (related to the identified problem)
- feasible (has a reasonable chance for success)

Identify the significant questions to be asked about project objectives as:

- What needs to change?
- How much change is needed?
- For whom is the change targeted?
- Where will the change occur?
- When will the change occur?

4c. Have the group review three or four project objectives according to both of the above criteria. (Base them on information you have gathered about their primary assignments). (15 Min)

Levels of Objectives (15 Min)

5a. Explain to the participants that large country programs and small community projects can have different levels of objectives. Certain objectives must happen before others in order to ensure overall success. Use the following example, which would apply to a Volunteer's primary assignment in-country (see attached examples):

a. Write a national level program objective on newsprint and have the participants assess whether it is a clear objective, based on the "Elements" developed earlier in the session.

b. Write a community level project objective that contributes to the national level program objective. Again, have the participants assess it.

c. Write an objective for one activity which contributes to the community level project objective. Have the participants assess it.

d. Have someone explain how the three levels of objectives relate to one another.

5b. Ask the participants to think about how their Volunteer assignments fit into this type of a "hierarchy" of objectives from the national to the local level. Ask for volunteers to give examples from their own jobs.

TRAINER NOTES

Ensure that the explanation in Part d. focuses on the fact that each level of objectives is necessary to reach the next level----both up and down the scale. Be sure the group understands that every objective, no matter what level it is at, must have the essential elements defined earlier.

5c. Explain that the rest of the session will focus on writing project objectives the participants can use in their work with communities. Although it is important to know that there are higher level program objectives, they will not be involved in writing them for community level needs.

Individual Work: (15 Min)

6a. Ask the participants to refer to the problem statements developed during the previous session. Have them each write one project objective, and two activity objectives which would contribute to it. Stress that the objectives should include the elements of good objectives just discussed.

6b. Ask for a volunteer to write his/her objective on newsprint. Have the group review it according to the essential elements, and make any necessary recommendations for improvement.

Pair Exchange: (20 Min)

7. Have the participants exchange their written objectives for review and feedback. Stress that comments should be written down to allow the writer to refer to them later. After 10 minutes, have the reviewers explain their critique to the writers, and allow time for final re-writes. Pass out the Project Design Chart and have the participants put their corrected objectives on it.

TRAINER NOTES

Circulate around the room during this process to answer questions and make sure everyone is reviewing the objectives according to the essential elements identified earlier.

Closing: (5 Min)

8a. Close the session by stressing that it is important to set objectives before starting a project. Otherwise, the variety of individuals (community, PCV, etc.) associated with the project may have different expectations of what the project is supposed to accomplish. Specifying the objectives, in writing, beforehand will help to ensure clarity, as well as potentially saving time and money during the actual implementation.

8b. Pass out the handouts for the participants to keep as reference material.

PROJECT DESIGN CHART
SUMMARY

Problem Statement:________________

OBJECTIVES	REQUIRED RESOURCES			ASSUMPTIONS		METHODS OF TESTING ASSUMPTIONS	MONITORING INDICATORS	EVALUATION
	Outside	Local	Costs		Feasibility			

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PROJECT DESIGN WORKSHEET

Problem Statement:________________

OBJECTIVES	RESOURCES		
	LOCAL	OUTSIDE	COST

Handout 1, p.2

PROJECT DESIGN WORKSHEET

Problem Statement:________________

ASSUMPTIONS	METHODS OF TESTING ASSUMPTIONS	MONITORING INDICATORS	EVALUATION

Handout 1, p.3

WRITING OBJECTIVES

Objectives should be expressed in terms of outcomes expected. Each objective should answer the question: Who do you expect to do how much of what by when and where?

WHO:	target groups or individuals expected to change.
WHAT:	the action or change in behavior expected.
HOW MUCH:	the extent of change expected.
WHEN:	when desired conditions will be accomplished.
WHERE:	place in which the change will be observed.

The following steps will help you write complete objectives:

1. Write down **WHO** is the subject of the objective. For example, Farm families with plots ranging between 1 - 5 hectares in size.
2. Write down **WHAT** job or task will be done, or what change will be expected. For example: Farm families with 1 - 5 hectares of land have adopted new fertilizers.
3. Write down **HOW MUCH** quantity, quality, and/or time standards that apply to the objective. For example: Ten farm families with 1 - 5 hectares of land have adopted new fertilizers.
4. Add **WHEN** this will occur. For example: Within six months, ten farm families with 1 - 5 hectares of land have adopted new fertilizers.
5. Add **WHERE** this will occur. Within six months, ten farm families with 1 - 5 hectares of land will have adapted new fertilizers in Village X.

(Adapted from: Michalak and Yagar, *Making the Training Process Work*. pp.67-72.

LEVELS OF OBJECTIVES

The following set of examples illustrates how objectives for activities and projects can contribute to national program goals and objectives.

OVERALL PROGRAM GOAL

To increase the survival rate of children under the age of five years through raising the quality of under-fives' health care and promoting the use of preventive health measures for this target group.

1. **Program Objective:**
   To reduce the mortality rate due to diarrhea in Regions A and B in children under five by 10% within the first year and an additional 57% over the next two years.

   Project Objective:
   Within six months parents will treat 10% of the children in the community under five who have signs of diarrhea and/or dehydration, promptly and appropriately with Oral Rehydration Therapy.

   Activity Objective:
   One hundred percent of the parents attending the health educators session will mix ORS packets and homemade sugar salt solution using the correct ingredients, amounts and procedures as demonstrated by the trainer.

   Community Health Workers who attend the training session will be able to use the WHO treatment chart and correctly distinguish between cases of mild and severe dehydration in community children with diarrhea.

2. **Program Objective:**
   Malnutrition will be reduced in Region X by 20% within the first two years and continuing until the national average is reached.

   Project Objective:
   Within three months Community Health Workers will identify and teach 50% of the mothers of malnourished children in the community how to prepare locally available foods to treat these children.

   Activity Objective:
   Community Health Workers who attend the training session will be able to accurately assess the nutritional status of the children in the community using three anthropometric techniques.

   Sixty percent of the mothers who attend health education sessions on food preparation for malnourished children will be able to prepare, by the fifth session, three nutritious dishes using locally grown food stuffs.

SESSION 4: IDENTIFYING PROJECT RESOURCE NEEDS

TIME: 2 HOURS

RATIONALE:

Every project, large or small, utilizes a variety of resources to reach its objectives. During the design phase of the project, it is important for the Volunteer and the community to identify the resources they will need, decide which ones are available locally and which ones require outside assistance, and make plans to ensure that all the needed resources will be available to the project at the appropriate time. Proceeding with a project before this activity is completed could lead to frustration and disappointment down the road if the needed resources do not materialize.

In this session, the participants will focus on identifying the possible types of resources which might be utilized in projects and developing guidelines for determining their appropriateness.

OBJECTIVES:

1. To identify the types of resources necessary for SED projects.

2. To develop a checklist for determining the appropriateness of different project resources, including those available within the community.

TRAINER PREPARATION:

1. Read the attached article, "Thinking About Resources" before the session for background information.

2. Prepare newsprint for the following items:

   - session objectives
   - the "types of resources needed" list

3. Photocopy the participant handouts.

(Session adapted from Peace Corps Small Projects Design/Management Training Manual)

MATERIALS:

1. Newsprint and markers.
2. Paper and pens.

PARTICIPANT HANDOUTS:

1. Thinking About Resources

PROCEDURES:

Introduction: (5 Min)

1a. Introduce the session by explaining to the participants that the identification of necessary resources is a crucial element of project design. Point out that, broadly speaking, anything which is needed to realize the project objectives can be considered a resource. Explain the rationale for the session as written above.

1b. Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.

IDENTIFICATION OF PROJECT RESOURCES:

2a. Put the phrase "Types of Project Resources Needed" on newsprint and ask the participants to identify the kinds of resources they would anticipate needing for their income-generating projects. Put the resources named on newsprint and add any categories the participants have overlooked. Remind them that "resources" should be considered in its broadest sense and should not be confined to only money or material. (25 Min)

TRAINER NOTES

Included in the types of resources are the following, with specific examples:

- Human: community residents, Volunteers, technical advisors, consultants, trainers, extension workers, etc.
- Material: tools, animals, equipment, textbooks, seeds, etc. (Specific examples will depend on the type of project.)
- Financial: cash gifts, bank loans, foundation grants, Peace Corps small project funds, etc.
- Technological: appropriate level of technical skills to implement.
- Informational: books, research papers, records, etc. which give relevant background information for the project.
- Individual: knowledge, skills, and attitudes of the development workers which influence the acceptability and implementation of the project within the community.

Copy the composite list for the participants to take home with them at the end of the course.

2b. Have the group review at the list they developed and estimate which of the resources they would imagine to be easy to acquire on the community level and which would be difficult.

2c. Lead a large group discussion of what they would see as the role of the production group in the identification of necessary project resources. What sources of information/ support should be explored before assuming the group does not have the resources needed?

APPROPRIATENESS OF RESOURCES

3a. Explain to the participants that the introduction of outside resources into an income-generating project has to be handled with care to ensure that they do not increase dependency on technologies which are not normally available or utilized. (15 Min)

3b. Have the participants develop a checklist of what makes a resource "appropriate" to be used in an SED project. Have the participants give a rationale for each item which is included in the list and put the items on newsprint.

TRAINER NOTES

Included in the list of what makes a resource appropriate should be the following:

- responsive to a locally recognized need
- locally available
- low in cost
- technologically appropriate
- culturally acceptable
- ecologically sound

Type up the composite list for the participants to take home with them after the workshop.

3d. Explain to the participants that, while it is desirable to use locally available resources, sometimes it is necessary to bring in outside assistance. Lead a large group discussion of what sources they would go to for assistance if necessary resources were not available at the community level. Explore with them when it is appropriate to seek resources or funding from donors, including Peace Corps, stressing that all local options should be exhausted first. Ask the participants what "dangers" they would see in too much reliance on donor funding. (10 Min)

3e. Divide the participants into two groups for the following task (already on newsprint): (15 Min)

Group I: Make a list of the advantages of using outside assistance in projects. (Put the list on newsprint.)

Group II: Make a list of the disadvantages of using outside assistance in projects. (Put the list on newsprint.)

3f. Reconvene the participants and have representatives from each group present their lists. Lead a large-group discussion of the following points: (15 Min)

- What are the implications of the same items appearing as both potential advantages and disadvantages?
- What can PCVs and group members do to ensure that the potential disadvantages do not occur?

3g. Reintroduce the capacity-building goal of Peace Corps projects by reminding the participants that all SED projects should increase the ability of the production group to better solve its future problems. (15 Min)

3h. Ask the participants to think of their role in the development of human resources and to identify specific behaviors that would contribute to it during the design and implementation of a small project. Put the list on newsprint.

TRAINER'S NOTE

Be sure the group includes the following points:

- a two-way dialogue during the problem identification and project design phase.
- recruitment of project participants from the production group, both as workers and as providers of materials and services.
- training of group members in the skills that are needed to carry out project activities and their management, both during implementation and in the long term.

3i. Have the participants refer back to the project objectives developed during a previous session and individually determine the specific resources they would need. (15 Min)

3j. Ask for Volunteers to read one objective and its list of associated resources to the large group for questions and comments.

Closing:

(5 Min)

4a. Close the session by pointing out that the identification of necessary resources is an important step in deciding whether a project is really worth pursuing. If it appears that the resources needed are either too expensive, unavailable, or culturally inappropriate, the project must be seriously reconsidered in terms of its feasibility.

4b. Pass out the handout, "Thinking About Resources," for the participants to keep as reference material.

THINKING ABOUT RESOURCES

INTRODUCTION

This section introduces the idea of resources, describes six basic types of resources, and presents guidelines to help development workers make intelligent decisions about getting and using these resources. It also discusses the ways that development workers might obtain, and help develop, community human resources.

DEFINITION

What is a resource? Broadly speaking, anything you use to reach a development project goal may be considered a resource. This open-ended definition should encourage you to think imaginatively about many different kinds of resources.

TYPES OF RESOURCES

Consider these types of resources:

1) human
2) material
3) financial
4) technological
5) informational
6) individual

1) **Human resources** are the people who contribute to, or participate in, your development project. While community residents will form the majority of the project's human resources, this category also includes such outside personnel as volunteers, technical advisors, consultants, trainers, librarians, extension workers, and any others who may work on the project in one way or another. In planning for human resources, consider more than the **number** of people which the project requires; consider also what **attitudes**, both personal and cultural, **skills**, and **services** are necessary. Because it contributes directly to their attitudes and skills, and thus to the service they can provide, the training of project participants should also be included here.

While this is not the time and place to discuss in detail human resource development, it is worth noting that the role of people in development projects is very important. They are both the subjects and objects of development, particularly in community and rural development projects that attempt to improve the standard of living of the poor by involving them directly in project activities. At every stage in a project, people are crucial to its success. Project planners and development workers should, therefore, consider very carefully the selection and use of human resources for their projects. They should develop ways of working with community residents to foster enthusiasm for a project, increase local participation, engage and organize local labor, provide the necessary skills training, and promote the growth of local initiative.

2) **Material resources** are not difficult to identify: textbooks for students, draft animals for agriculture, and medical supplies for health clinics are all examples. Think about your own project; what material resources does it employ? Which are the most important? Would more material resources help you to reach your goals? Could some resources be used differently, and thus saved?

Development organizations and the material and financial resources they may provide are mentioned in another section.

3) **Financial resources** refers to money that can be used for development projects. Cash gifts, personal savings, development bank loans and foundation grants are all examples.

Because it is both time-consuming and difficult to raise money for development projects, it may be better to consider other approaches first. For example, it may be easier to obtain contributions of material resources, even within a relatively poor community, than it would be to organize, submit a proposal, and obtain funds to purchase these same resources from an overseas foundation.

In any case, for effective fundraising, you will need both energy and patience, in addition to skills in research and writing, communications and diplomacy, and some knowledge of financial management.

4) **Technological resources.** Simply defined, technology is the application of a body of knowledge, materials, and methods to practical and productive purposes. Every culture develops its own technology, based in part on its experience, resources, and needs. For many years, development planners have tried to strengthen the "modern" sector by importing capital-intensive and large-scale technologies into the developing countries, with only minimal efforts at adapting these technologies to local conditions and needs. Now these planners are shifting their focus to the traditional sector, investing in agriculture, rural development, and labor-intensive projects. This shift is marked by the development and application of appropriate technologies.

Appropriate technology for development is "technology which is most suitably adapted to the conditions of a given situation. It is compatible with the human, financial and material resources which surround its application," according to the very useful publication, A Handbook of Appropriate Technology.

What are some other characteristics of appropriate technologies for development? Think about the technological resource needs of your own project as you consider the following qualities. Appropriate technologies tend to be labor-intensive, small-scale, low-cost, and culturally, socially, and economically acceptable to the community. They are ecologically sound, and range in technological complexity from traditional to modern industrial.

The above publication provides case studies in the development of appropriate technology projects which illustrate these characteristics, including such projects as a village-scale foundry in Afghanistan, a smokeless stove in Ghana, and a solar crop dryer in Colombia.

The ideas and applications of appropriate technology are receiving increasing attention on a world-wide basis. Several loosely organized and cooperating appropriate technology networks have been established to promote basic research and field-testing, to share their results and experiences, and to increase the participants' ability to determine their own technological needs and develop appropriate solutions.

Because the successful integration of technological resources into a development project requires an extensive knowledge of local economic, political, social, and cultural conditions, such development workers as host-country field workers and extension agents, Peace Corps Volunteers and other community development workers, who know their communities well, are particularly well suited to using an appropriate technology approach to development.

5) **Informational resources** are the ideas and data contained in books, research reports, films, records, and other media, and the individuals and organizations that produce them. Informational resources help development workers to increase their knowledge and understanding and thereby improve their projects. The information needs of development workers are as diverse as their projects. For example, Peace Corps Volunteers recently sought and received information on 1) the management of natural history museums for a Nicaraguan project, 2) technical papers on algae for a Fijian fisheries development project, and 3) appropriate technologies for an Eastern Caribbean wetlands forestry development project.

The key to getting the information you need is to know specifically 1) what you want, and 2) where to obtain it. Of special interest to development workers are such technical reference service organizations as VITA (Volunteers in Technical Assistance), SID (Society for International Development), and TOOL (Stichting Technische Ontwikkeling Ontwikkelingsladen), which respond by mail to technical information requests from the developing countries.

6) **Individual resources**. Here the important point is that the development worker is a resource in many ways, all of which contribute significantly to the success of a development project. Development workers should view themselves, and act, as resources available to their projects and communities.

Let's review your resources. First, you act as a technological resource. You have certain needed technical skills which you are prepared to use. We know that development projects, especially those that introduce new technologies, usually involve basic change that is sometimes resisted by a part of the community. The success of the project may depend in large part on what kind, and how much, change the community will accept. The technically knowledgeable development worker who understands the community and its capacity for absorbing change, is ideally placed to help the community adapt to the new situation and so contributes to the success of the project.

In addition, your professional role carries with it a certain authority and status, to be used carefully but confidently. Working with others is an essential part of your assignment and calls for the development of interpersonal skills in observation, communication, and interaction. Because your project most likely takes place in a mixed cultural setting and involves participants from two or more cultural groups, these interpersonal skills are also inter-cultural skills.

You also act as an informational resource. Skilled in a particular field, you should be capable of 1) providing or finding other sources for information that the project or community requires, 2) presenting that information in a variety of formats - informal discussion, more formal study sessions, and short-term training programs, and 3) developing an in-depth reserve of organizational and bibliographic sources to be utilized if the need for them arises.

GUIDELINES FOR APPROPRIATE RESOURCES

The following guidelines are useful for considering the possibility of introducing new resources into your project. Appropriate resources will have most, but not necessarily all, of the characteristics below. They are:

1) a response to a recognized need
2) locally available
3) low-cost
4) technologically appropriate
5) labor-intensive
6) culturally acceptable, and
7) ecologically sound.

1) **A Response to a Recognized Need.** Ordinarily there is a clear identifiable need for resources in development projects. Such a need is established by evaluating the project. Evaluation, which is also called "assessment" or "appraisal", involves studying the project to measure its progress and learn its basic weaknesses. It is important for development workers to try to understand the cause of those weaknesses or problem areas and, if possible, to relate those weaknesses to the use of resources. For example, are current resources being used as effectively as possible? The next step is to determine whether new resources would strengthen the project. If so, a need for resources has been established.

2) **Local availability.** This is a very important consideration and is central to using resources productively. Development is people-oriented and takes place within the

community. Using local resources provides the community with much-needed opportunities to develop and demonstrate local initiative, to increase local participation in productive economic activity and to share these rewards of development within the community. Using local resources also increases the community's commitment to the project, minimizes the problems of operation and maintenance in the case of the use of technological and material resources, and requires minimal cultural adjustments by the community.

It is important to make use of local resources, whenever possible. The benefits of doing so, both direct and indirect, are clearly worth the extra time, effort, and imagination that are required. If a needed resource is not locally available, development workers should then determine the availability of acceptable substitutes. Also, consider if there is more than one way of obtaining the same resource locally. For example, in addition to seeking donations or purchasing resources, you may want to make barter agreements, whereby your project would receive needed resources in exchange for other goods and/or services.

If you are unable to get local resources, try to obtain them in the **region** of which your community is a part. Simply defined, the region is the surrounding area, including towns and cities, to which you have reasonable access, in terms of travel time. Sometimes, a regional capital may offer greater resource possibilities than the local community. If your regional search doesn't lead to the desired results, try the **national** level - the capital city. As the center of the nation's governmental, business, educational, and diplomatic activities, the capital city usually has a modern sector which may provide, after a considerable search on your part, resources which are unavailable elsewhere in the country.

Finally, if you have exhausted the local, regional, and national resource possibilities, your last resort is to seek them **internationally**. A decision to do so requires careful consideration, however. Remember that the search for resources at the international level is not generally promising, although much time and effort may be expended. Here are some considerations which may help you to decide whether to seek resources at this level.

a) To what extent does the success of the project depend on getting resources from overseas? As a rule, it is not a good idea to base project success on the certainty of receiving foreign resources. Because of uncertainties in communications, transportation, and customs arrangements between nations, the role of foreign resources should be minimal.

b) When do you need the resources, and what are the chances of obtaining them from abroad within that specified time period? Be prepared for delays.

c) What is the likelihood of getting exactly what you need? In seeking resources internationally, presumably by mail, you are at a disadvantage. Your search becomes impersonal, indirect, and passive. The possibility of misunderstandings increases. After all the initial effort and subsequent delays, there is no assurance that you will get what you really need.

However, if your answers to these questions do not suggest serious problems, then you may want to explore further various international resource possibilities.

Use your own judgment in deciding where and how to seek resources and whether to seek them internationally. The resource-seeking scheme that has just been described above is not an absolute rule, but rather a guide. For example, it may not always be necessary to exhaust the resource possibilities at one level before exploring those of the next. An information request to one of the technical advisory organizations like VITA or TOOL poses no problem as long as every effort is made to adapt the information to local conditions. On the other hand, there are foreign resources, particularly the more complicated material and technological ones, which should not be imported into the community, even when the need is clear, unless it is also clear that a local capacity to absorb and manage the new resources exists, or can be created without too much difficulty.

3) **Low Cost.** Resources should be obtainable at low cost. Most developing countries have extremely limited funds; if less is spent on material resources, more can be invested in labor-intensive resources and projects. Cost includes continuing operation and maintenance in addition to the initial purchase price; these secondary costs are especially important when you are considering technological resources, particularly expensive, imported ones. Keep in mind the possibility of getting resources free of charge. For example, small, local businesses may contribute materials or services if they are made aware of 1) the positive use to which their donations will be put or 2) the good publicity they will receive, or 3) the effect that the success of the project will have on the local economy which will in turn increase their own business production and sales. Alternatively, you may want to make arrangements to obtain resources in exchange for services.

4) **Technologically appropriate.** Development workers should take care to employ only those resources that are technologically appropriate to the community in which the development project is located. Remember that the community has evolved its own time-tested and established way of doing things, including the technologies that the community uses in its productive activities. Because these technologies are an integral part of the community culture, and are not easily changed without changing the community's cultural system, development workers should assess the consequences of introducing resources into the community through their development projects. First, they need to learn how the community performs activities that are related to project activities, what the relevant technologies and techniques are, and how these technologies are related to other aspects of the community's cultural system. Then they should make sure that any new resources that the project introduces are in accord with the community's way of operating.

5) **Labor-intensive.** The developing world's most abundant and productive resource is its people. Since effective economic development requires using available resources, development programs must utilize people's skills to the greatest extent possible. Emphasizing the use of labor-intensive resources increases employment, economic development, the well-being of the population, and its actual participation in development. Therefore, resources should be selected and used to put people to

work. If there are several resource possibilities, choose the one or ones that are the most labor-intensive, other factors being equal. For example, plowing by hand employs many agricultural workers effectively; an ox-drawn cart will enable the same people to cultivate the land more productively and give them more time to participate in other activities. A tractor, in contrast, may leave some of these workers unemployed. The necessary parts, fuel, and expertise may not be available to keep it running, and there may not be enough land available for the efficient use of the tractor. Introducing and teaching people to use and care for an ox-drawn plow may be the most economically and socially appropriate project for a community to consider. Whatever projects are chosen, make sure that any new resources do not displace existing workers, unless acceptable alternative employment and, if necessary, training, in the community is provided.

6) **Culturally acceptable.** The resources which the project uses and introduces to the community must be culturally acceptable to community residents. Their common culture - the shared attitudes, knowledge, and expectations about how things are done - is firmly rooted in tradition and relatively resistant to major change. Development workers should make every effort to understand the culture they are living and working in and, in particular, should evaluate potential resources for their impact on local traditions and practices. Development workers should avoid so hasty an implementation of their projects that they neglect to determine whether the resources that it will produce, are culturally acceptable to the community. Examples of the neglect or misunderstanding of the local culture by development workers might include the following situations:

a) In a public health education project, development workers introduce into the classroom a textbook which contains information on personal hygiene which the students interpret to be contrary to their religious beliefs. The students reject the material.

b) In a rural agricultural project, development workers promote the cultivation of new, high-protein foods that the community is not accustomed to growing, cooking, and eating. The farmers, who are in frequent contact with the development workers, implement the cultivation and harvesting aspects of the project, but their families do not prepare and eat the new foods, and revert to their low-protein, subsistence diets.

How might development workers avoid these problems, which are primarily based on lack of insight into the community's culture? Very simply, they need to develop an understanding and awareness of, and sensitivity to, the local culture. To understand that culture fully, they should study the political, economic, social, religious and intellectual aspects of community life and, more important, grasp how these aspects of culture are variously combined in community activities. Development workers can build their practical knowledge by reading and studying available information and by observing and participating in community activities. It is particularly helpful for development workers to become friendly with community residents who do not mind explaining local customs to them.

7) **Ecologically sound.** Ecology is concerned with the relationships between all living things and the environment. People working in development planning are more and more concerned with the effects of development projects on the environment and their concerns include such broad issues as the effects of the use of different kinds of natural resources and, more important, what knowledge, policies, and actions are required to maintain the balance between people and nature. While you are not expected to become an expert in ecology, you should be able to estimate, or obtain others' help in assessing the ecological impact of your development project and the resources that it introduces.

Human Resources: Working with the Community

It cannot be emphasized too strongly that the success of a development project depends in large part on the maintenance of a harmonious, informed, and purposeful working relationship between the project's development workers and the residents of the community in which the project is located and/or the community that is primarily affected by that project. If project workers and community participants/residents do not 1) work well together, 2) communicate and share necessary and useful project information, and 3) pursue common objectives and carry out similar project-supporting activities, there is little chance that the project will achieve its primary objective. Development workers must realize that the development of the community's human resources, in a way that both supports project goals and activities and also promotes the growth of community initiative and self-reliance, is central to overall project success.

In what ways do project development workers interact with community residents to achieve their project's basic objective? Here are some of the responsible functions that development workers must perform that bear directly on both the community and the project. At each stage of the project's development, these steps engage the community in project activities as human resources and also promote community development, if well performed. What form these steps take, and the order in which they are carried out, depends on such factors as the nature of the project, the number of development workers, and particular local conditions. In one way or another, however, they are applicable to all development projects.

First, development workers **inform** the community about the project, the development problem it seeks to solve, its primary objective, the proposed benefits to the community, and the ways in which community residents might participate in the project. In turn, the development workers seek information from the community about the ways in which the community might assist the project. Already a relationship is being established which will vary through further stages of the project's development.

Second, development workers must **recruit** project participants from the community. At this point, the development workers enter into an active working relationship with the community residents, who may either become direct participants in the project, as members of a cooperative, for example, or provide needed project-supporting goods and services to it. In performing these recruitment functions the development workers should foster community enthusiasm for the project by discussing its benefits and activities and employment and income possibilities.

Third, development workers must **organize** the project-supporting activities and resources, including labor, that are necessary to produce the project's anticipated results. In order to do this, they need to understand how community residents perform similar activities, and this, in turn, involves understanding the community cultural patterns, including its economic and social organization, and nature and operation of its technologies.

Fourth, development workers relate directly to community residents/participants by **training** selected people in the skills that are necessary to effectively carry out project-supporting activities. The way in which this training is performed will directly affect the success of the project.

Fifth, the development workers interact with the project participants and other community residents in the day-to-day **management** of the project until such time as the project participants can themselves capably operate the project and effectively manage its activities.

Sixth, the development workers will eventually **transfer** the responsibility for the continuing operation of the project to the project participants and the community. For the development workers, this step involves performing a combination of the above functions, with an emphasis on training project participants to carry out the major management and technical aspects of the project.

Keeping in mind that you will be performing these six project functions, consider the following specific suggestions for working with, and helping to develop, the community's human resources. They are taken from Some Points for Consideration of Technicians Working with Villages, by Arthur Raper (US Agency for International Development, Washington, DC, 1961).

1) "Be sure your presence in the village is understood."

2) "Find a basis for common interest with the villagers."

3) "Try to understand why they do things the way they do."

4) "Start where the people are, and with what they want."

5) "Work within the cultural framework of the people."

6) "Note and respect the pace of the villagers."

7) "Take care that the reactions of the villagers are understood."

8) "Help the people believe they can improve their own situation."

9) "Be content with small beginnings."

10) "Utilize the villagers' own organizations, and recognize their leaders."

11) "Encourage individuals to assume responsibility, and involve as many as possible."

12) "Be short on making promises, and long on keeping the ones that are made."

13) "Make certain that technical benefits accrue at the local level."

14) "Help the government get organized to serve the village people."

15) "Train and use sub-professional, multi-purpose village workers."

16) "Expect growing pains."

17) "Don't expect thanks from the people helped."

18) "Deal with the villagers as equals."

(From: Peace Corps/Mali Resource Book)

SESSION 5: IMPORTANCE OF FEASIBILITY/VIABILITY ANALYSIS

TIME: 3 HOURS

RATIONALE:

One of the dangers at the start of new projects and businesses is that Volunteers and communities may become so enthusiastic about the initial idea that there will be little attention given to the analysis of short-term and long-term likelihood of project success. Without sufficient information-gathering, adequate assessment of local resources, and coherent analysis of this data, projects begin with an already high probability of failure. Volunteers can contribute greatly to the chances of project success by ensuring that relevant information is obtained at the outset. This session will focus on the identification of the key elements of feasibility/viability analysis and their importance in project selection.

OBJECTIVES:

1. To determine the critical assumptions needed to test the feasibility of an income-generation project.

2. To identify the key elements in feasibility/viability assessment of a new or ongoing project.

TRAINER PREPARATION:

1. Read the attached articles "Project Assumptions" and "A Management Approach to Feasibility Study" before the session for background information.

2. Prepare newsprint for the following items:

   - session objectives
   - key points in project assumptions lecturette
   - small group exercise instructions
   - analyzing assumptions chart
   - feasibility checklist

3. Copy the participant handouts.

MATERIALS:

1. Newsprint and markers
2. Paper and pens for the participants

PARTICIPANT HANDOUTS:

1. Project Assumptions
2. A Management Approach to Feasibility
3. Analyzing Assumptions

PROCEDURES:

Introduction: (5 Min)

1a. Introduce the session by explaining to the participants that project ideas are often rushed through the system because they "seem" to be what is needed, without taking into account all of the potential problems which could interfere with their success. Go over the rationale for the session, as written.

1b. Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.

Lecturette on Feasibility/Viability: (10 Min)

2a. Deliver a short lecturette on feasibility/viability analysis, stressing the following points:

> Feasibility: describes the short-term success potential of a project. If the project works HERE and NOW technically and economically, it is feasible.
>
> Viability: deals with the long-term aspects of the project. This means that there will be a sufficient profit to allow reinvestment and that repairs and business decisions will be made by group members to allow long-term sustainability.
>
> analysis: means that the information collected is reviewed in a detailed, systematic and timely fashion--not accepted at face value.

2b. Ask the participants how the concepts are related to each other and why it is important to clarify each before the onset of a new project.

Identification of Project Assumptions: (30 Min)

3a. Prepare and deliver a lecturette based on the "Project Assumptions" article and covering the following points:

- the necessity of making assumptions in projects
- the categories of assumptions (social, political, technical, economic, physical, etc.)
- the importance of examining the project assumptions carefully before beginning the project
- the importance of "assumptions" to answer the following:

  This project will succeed, assuming that:

  a.______________________________
  b.______________________________
  c.______________________________

3b. Put one of the assumptions categories on newsprint. Select one of the projects already discussed in the previous session on goals/objectives, and have the participants generate 5-6 specific examples of items to be included in each category. Challenge any examples which seem inappropriate or vague.

3c. Point out to the group that testing all the assumptions in a project before implementation would be a time-consuming and potentially expensive task. Stress that it is, therefore, important to decide which assumptions are the most important for success and to focus on them in feasibility testing.

3d. Have the participants look at the list just generated and rank the assumptions according to their importance. Lead a large-group discussion of any questions/comments regarding the rankings.

Individual Work: (20 Min)

4a. Explain to the participants that this process of identifying and ranking assumptions for feasibility testing is important for all projects, large or small. Assign the following task for the participants to complete individually (already on newsprint):

- refer to your project/activity objectives developed in the previous session on Setting Goals and Objectives.
- develop and rank a list of important assumptions for the objectives, using the categories developed above.

4b. Ask for a volunteer to read one of his/her objectives and the assumptions developed. Have the large group critique it and make any necessary improvements.

Work in Pairs: (15 Min)

5a. Divide the participants into pairs to critique each other's assumptions. After 5 minutes, have the reviewers explain their critiques to the writers. Allow sufficient time for the participants to complete any necessary rewrites.

Closing: (10 Min)

6a. Close this portion of the session by leading a large group discussion of the following questions:

- Considering the kinds of assumptions we have identified, what does this tell you about the role of the Volunteer in project development? About the role of the community?
- What do you see as the possible consequences of a Volunteer proceeding with a project that has made wrong assumptions?

TRAINER NOTES

Ensure that information about the danger of the PCV acting as a "Lone Ranger" in project design comes out here, and that the community's knowledge of its own problems and historical interventions is acknowledged.

BREAK

TESTING PROJECT FEASIBILITY

Lecturette: (15 Min)

7a. Deliver a lecturette on sensitivity analysis and project assumptions, stressing the following points:

- a feasibility study does not have to be extremely complex and time-consuming, but it should contain enough information to indicate that the best solution to the community problem has been selected.

- the project assumptions and the resource needs identified earlier will become the basis for the project feasibility study.

- one way of analyzing the project's assumptions is through a sensitivity analysis, which asks the question, "What if?" For example:

  If a chicken-raising project assumes that 10% of the chickens vaccinated will die......

    What if 20% die instead of 10%?
    (Will the project still be economically feasible?)

    What if 15% die?
    (Will the project still be economically feasible?)

  The project also assumes that the price for a healthy 3-pound chicken is $.50......

    What if the price goes down to $.40? To $.30?
    (How far down can the price go, given our other assumptions, and the project still remain feasible?)

Through the analysis of a project's critical assumptions, one should be able to ascertain how much variability there can be without endangering feasibility. The information gathered from the sensitivity analysis may force a redesign or cancellation of the project.

Analyzing Assumptions: (5 Min)

8a. Introduce the "Analyzing Assumptions" chart by explaining to the participants that it offers one way to identify the critical questions about a project:

- Is it essential for project success?

- How certain is it that the assumption will hold true?

8b. Point out that, when assumptions are uncertain, it becomes necessary to test their feasibility, and it is very important to know the types of questions which need to be asked.

Individual Exercise: (20 Min)

9a. Instruct the participants to look at their project assumptions according to the steps of the "Analyzing Assumptions" chart and choose one assumption that they feel is uncertain. Ask them to develop a written checklist of feasibility questions they would want to ask for that assumption.

TRAINER NOTES

Included in the list of questions should be:

- **How much risk or uncertainty is involved in the assumption?**
- **How crucial is the assumption to the overall success of the project?**
- **What is the impact on the project if the assumption does not hold true?**
- **What alterations can be made in the project while still maintaining its likelihood of success?**
- **If outside resources are required, what is the likelihood of obtaining them? From what source?**
- **Have projects with similar assumptions succeeded in the past? What data is there to support this?**

Individual Presentations: (20 Min)

10a. Reconvene the participants, and have volunteers present their assumption and list of critical questions they would ask about it. As the individuals are presenting, make a generic list of the items included. Ask the large group to review the list and add any other items they have thought of during the presentations.Copy the list for the participants to take with them for future use.

Large Group Discussion: (15 Min)

11a. Lead a large group discussion of the following questions:

- What methods can project designers use to get more information on the feasibility of the assumptions they have made?
- To whom would they talk?
- What data sources would they use? How long would they take to complete the feasibility study?

TRAINER NOTES

Included in the list should be the following:

Examine official records (country and PC)

- **statistics collected by government.**
- **records on projects, money spent, etc.**
- **needs assessment data, if collected.**
- **monitoring forms, if used.**

Discussions

- **individual interviews (community and elsewhere.)**
- **group meetings.**
- **experts.**

Observation

- **visiting a similar project**
- **observing existing situations**

11b. Review 4 - 5 questions on the list just developed and have the large group recommend methods for studying them. Challenge the group specifically on the type of information they would expect to learn through the study. Also focus on what timeframe they would anticipate would be sufficient to obtain enough information to either move forward or cancel the project. (10 Min)

Closing: (5 Min)

12a. Summarize the work of the session by pointing out that thorough feasibility testing can help to avoid unanticipated problems during the implementation of a project by pointing out the key issues which the PCV and community need to consider. Some of the issues identified will cause the project to be cancelled; others will necessitate redesigning it on more realistic terms. Each of these courses of action can help to conserve scarce human, material, and financial resources for the community.

12b. Pass out the handouts for the participants to keep as reference material.

PROJECT ASSUMPTIONS

Every project has uncertainties. The nature of the uncertainties can be expressed in the form of assumptions which must be valid but which cannot be directly controlled. Assumptions can be the most critical factors in a development project. Many projects fail because planners make unrealistic assumptions or forget to define and examine the implicit assumptions they are making.

It is impossible for a project manager to control all the factors which can affect a project. There are always social, political, technical, economic, physical, and other factors beyond the project manager's control that are necessary for successful achievement of project objectives.

To have confidence in the design of a project, one must define, at each level, all the conditions necessary to reach the next level of objectives. These conditions include hypotheses (predictions), which are **internal** to the project, and assumptions (conditions), which are **external** to the project. After identifying the assumptions affecting the project, one can deal with them in a way that increases the probability of success.

Development projects involve important objectives and scarce resources, so we must examine whether our predictions in the project design are valid. Before we begin the project, we want to be confident that we can achieve our objectives. We must, therefore, carefully examine what we are assuming about factors outside our control that could be detrimental to achieving our objectives. We identify those factors in the "assumption column" of the Project Design Chart at the same level as the objective they influence.

After identifying as many critical assumptions as possible with the information at hand, they can be looked at more closely and defined more specifically.

In a rice production project, for example, "adequate rainfall" is obviously necessary. Project planners and managers need more guidance, however, if they are to assess the validity of this assumption. How much rainfall is adequate? We must know how much rain is required and when it should fall. If we find that the rains must begin in May and last through October, with a monthly average of 12 inches, the next step is to find out if it is reasonable to expect this level and pattern of rainfall. If review of the climate records in the region shows that for eight of the last twenty years rainfall was less than 8 inches for the months of June and July, our assumption of adequate rainfall would not be valid.

If our assumptions are likely to be invalid, we have several options to consider. First, we could continue with the project "as is" and accept the lower probability of success. Second, we could examine if there is some way to modify the project to overcome the weak assumption. In the rice production example, perhaps an irrigation system could be included in this (or another) project to bring a sufficient supply of water to the crops. Finally, if there are insufficient resources to develop an irrigation system, the project could be abandoned because it is unworkable--thus averting project failure before large amounts of time and resources are expended.

A MANAGEMENT APPROACH TO FEASIBILITY STUDY

In recent years, project feasibility study has become an increasingly detailed and technical set of procedures practiced by highly trained economists and engineers. And yet very often these procedures seem irrelevant to the practical people designing and managing projects. Why? Perhaps it is because these procedures ignore some of the most important questions.

What do practical project designers need to know in order to have confidence in potential projects? Essentially they need to know (1) if the proposed project will really achieve its objectives; (2) how they can improve the likelihood and level of its impact; (3) whether there is a less expensive way to achieve the same results; and (4) whether, all things considered, the benefits justify the costs.

I. WILL THE PROJECT SUCCEED? HOW CAN IT BE IMPROVED?

The most important question concerns the plausibility of the suggested project design. Managerially useful feasibility studies begin with this question. And the most effective of these studies treat project plausibility not merely as a question but as a challenge. In other words, such studies don't simply ask "Will it succeed?", they ask "How can we make it succeed?" They take an active, not a passive, role in project design.

Feasibility study, by itself, cannot increase a project's likelikhood of success. What it can do is substitute risk (known probability of failure) for uncertainty (lack of information) and suggest practical measures for reducing the risk by modifications to the project design. In other words, it can provide us with information on how likely our project is to succeed and how we can increase that likelihood. As managers, we must learn to demand nothing less of feasibility analysts.

Projects are theories about the world. If we do certain things, we expect certain results will occur. And if these results do occur, we believe they will have certain impacts.

A. ANALYSIS OF ASSUMPTIONS

Potential feasibility questions exist wherever there are sources of uncertainty--i.e., wherever we are unsure of "facts" or "effects". These "facts" are the assumptions and the "effects" are the hypotheses.

How do we go about analyzing assumptions?

Most importantly, make sure all of the important assumptions are identified. To do this, ask yourself, skeptics, and as many others as possible, to describe the factors which could prevent the project from reaching its objectives. In essence, the question is "What, beyond my direct control, could cause this project to fail?" The answers to that question are the assumptions.

It may be helpful to group the assumptions by type:

- market factors
- cost factors
- financial factors
- political factors
- technical factors
- cultural and social factors
- geological/climatic factors
- managerial factors

To gain a clearer idea of what these factors include, consider how some of the following questions might come out of an investigation into these factors.

Market Factors -- Do people have disposable income available at the time when the product is for sale? Is there a MARKET that can be reached and served profitably? What is the likely price (considering seasonal swings)? What are the quality and quantity dimensions?

Cost Factors -- What are all the major initial costs involved in production? What are the important recurring costs? How much is the labor cost likely to be?

Financial Factors -- Are there sources of affordable credit in the community? Is there a plan for control of group money? Is the cash flow sufficient?

Political Factors -- Does the mayor support the general idea? What are the licenses and inspections needed? Is the activity legal?

Technical Factors -- Is the technology easy to maintain? Are spare parts available? Is the scale appropriate? Is the level of risk appropriate? Are the inputs readily available?

Cultural and Social Factors -- Does it help one group by hurting another? Does the project "fit" the culture? Is the level of risk acceptable?

Climatic Factors -- Does the project hurt the environment? Does it use already dwindling natural resources?

Managerial Factors -- What are the training requirements? Is there a sufficient, available labor force?

The type of assumptions chosen for analysis will determine the type of feasibility study needed to investigate them.

Then, identify the assumptions most appropriate for analysis. Out of the long list of assumptions, how do you choose the correct ones to study? We suggest a simple two criteria basis for selection--importance and uncertainty.

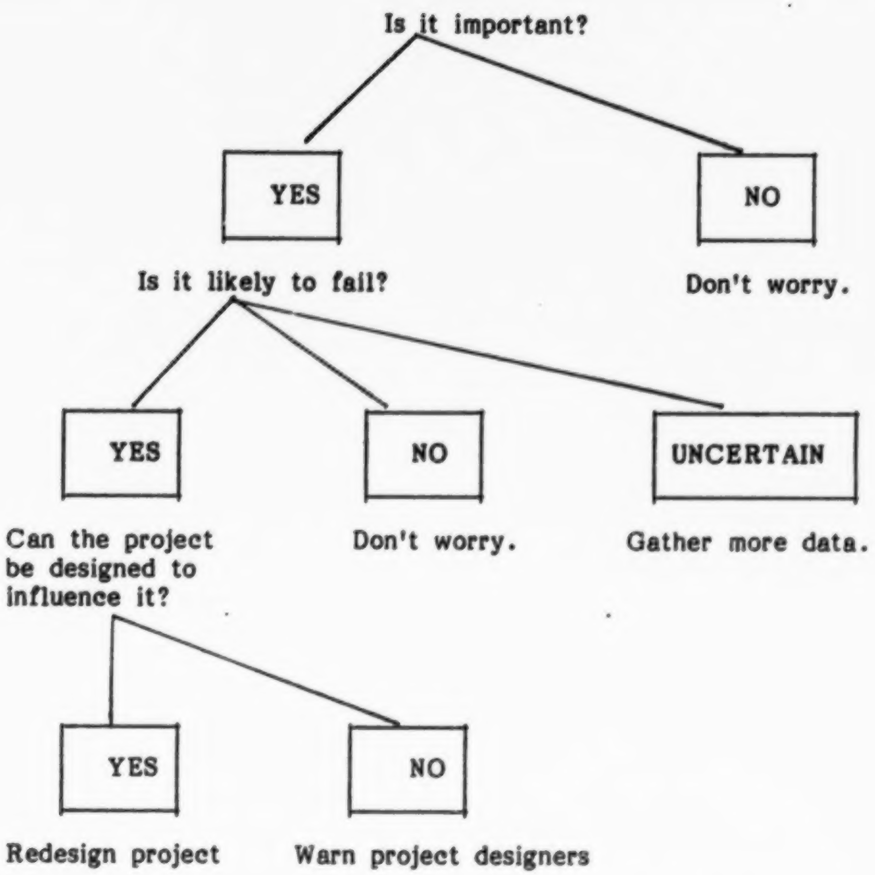
To begin, ask of each assumption whether it seems truly essential for achieving project success. If its influence seems more or less incidental, forget about it. If the assumption is judged to have high potential influence, then ask yourself how uncertain project designers are about the likely performance of that assumption. Only where assumptions are important and insufficiently understood is detailed investigation worthwhile.

Arrange data collection efforts to provide the information you need. The data collected on assumptions should reduce the uncertainty of project designers about the following:

- whether key assumptions are likely to hold true or not;
- what the effects on project success would be if any of the key assumptions did not hold true;
- what means are available to managers to influence or avoid dangerous assumptions.

If assumptions are unimportant (i.e., low impact) or very probable, they should not affect project design or selection. When assumptions have high impact and low probability, we have a danger signal. If we can redesign the project to affect the assumption, we may wish to go ahead. Otherwise, we would be well advised to suggest that the project be abandoned in favor of something more promising.

ANALYZING ASSUMPTIONS


Is it important?
YES
NO
Is it likely to fail?
Don't worry.
YES
NO
UNCERTAIN
Can the project be designed to influence it?
Don't worry.
Gather more data.
YES
NO
Redesign project
Warn project designers

SESSION 6: FEASIBILITY MODEL FOR PROJECTS

TIME: 2 HOURS, 25 MINUTES

RATIONALE:

Since the concepts of feasibility and viability and their applications to developing country situations will be new to many of the participants, it is important to provide them with an overall framework into which they can fit the information available to them before committing to a project that may prove unproductive, unprofitable and/or unnecessary. This session will present the components of feasibility and their application to new projects.

OBJECTIVES:

1. **To present a feasibility/viability model that breaks down the life of a project into its manageable components and presents a logical sequence of events.**
2. **To apply the above model to actual project proposals.**
3. **To highlight the limits to the information-gathering stage of a project.**

TRAINER PREPARATION:

1. **Read the handout, "New Project Feasibility - Viability Model" to become familiar with the concepts.**
2. **Prepare newsprint for the following items:**
    - session objectives
    - small group instructions

MATERIALS:

1. Newsprint and magic markers

PARTICIPANT HANDOUTS:

1. New Project Feasibility - Viability Model

PROCEDURES

Introductory Statement: (5 Min)

1a. After identifying the critical project assumptions which need to be evaluated, it is essential to have an overall framework in which to put the information collected. The model which will be presented during this session can be applied in both the design and implementation phases of a project.

1b. Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.

Project Feasibility: (45 Min)

2a. Remind the participants that previous sessions have included information on the initial steps needed to conduct a feasibility assessment--problem identification/analysis, community assessment, and goal/objective setting. Ask them to review individually their notes on these areas and to list the remaining steps they feel would be necessary to complete a feasibility assessment. Remind them that their list should be in a logical sequence of activities.

2b. Develop a composite list of feasibility steps in a large group, ensuring that the participants are able to justify the inclusion of certain items and their logical sequence.

2c. Pass out the handout "New Project Feasibility-Viability Model" and compare it to the participant-generated list. Lead a large-group discussion of any differences noted.

Individual Work: (30 Min)

3. Instruct the participants to use the handout as a reference and complete the following task (already on newsprint):

   a. Read and review the Feasibility Model handout.

   b. Decide where your project is now according to this model.

   c. List the steps NOT in the model that your project has already gone through and the reasons for the step.

d. List the steps in the model that your project has not gone through and the reasons these steps were not done.

e. Be prepared to explain your lists and the project's location to the group.

Individual Presentations: (20 Min)

4. Reconvene the participants and have volunteers present their lists and locate where their projects currently are in the model. Solicit comments/questions from the large group regarding the presentations.

Large Group Discussion: (20 Min)

5a. Lead a large group discussion of the feasibility model by asking the following questions:

What problems might develop if wrong assumptions are made about the community's infrastructure (electricity, transportation, potable water, etc.)?

What might be the consequences of not investigating potential markets for a product before initiating a project?

What might happen if sufficient financial control systems are not in place at the start of a project?

In reviewing the model, which steps would be the most difficult for a Volunteer/counterpart to complete? What does this difficulty imply for the Volunteer's and the counterpart's roles?

What would be the hardest part in terms of maintaining community/client interest in the project? What does this problem imply for their role?

How can you know when you have gathered enough information to reach a decision about the feasibility and viability of a project?

Why would you not continue beyond this point?

5b. Have the participants individually develop a list of strategies that might be used to convince their community group/client that it is necessary to collect more information before proceeding further with their project proposal. (10 Min)

5c. Solicit sample strategies from Volunteers and entertain any comments or questions from the large group. (10 Min)

Closing:

(5 Min)

6. Close the session by pointing out to the participants that the completion of a good feasibility/viability analysis should contribute significantly to the likelihood of project success. While it cannot anticipate every possible contingency, it will focus the group's attention on the most critical issues to be considered before committing to implementation.

NEW PROJECT FEASIBILITY-VIABILITY MODEL

The following three-stage model presents a logical sequence of activities for the design, implementation, and monitoring of a self-sustaining project. Of course, certain projects may not require all the steps listed or may need to reorder some of the activities.

THE "TYPICAL PROJECT"
STAGE 0 (Pre-Project)

Steps:

1. Brainstorm with the community client on problem identification and problem analysis.
2. Brainstorm on potential solutions to get the widest number of alternatives.
3. Conduct a community assessment to see where the relevant power bases are and how they may support or oppose the various alternatives.
4. Conduct a community infrastructure assessment (Is there electricity, reliable transportation, etc., that a given project alternative would need.)
5. Try to measure the extent of community interest and determine if it agrees with the commitment required given the complexity/risk of a particular alternative.
6. Make a preliminary investigation of whether significant MARKETS exist for various options.
7. At this point, disregard the alternatives that are not feasible, given the above preliminary investigation.
8. Select a "Most Feasible Alternative" from those remaining based on above considerations and how realistic the ASSUMPTIONS for each.
9. Set Goals and Measureable Objectives.

10. Set budgetary requirements (Initial Budget and Operating Budget).

11. Identify the community resources that will be available and committed: Identification of "RESOURCE GAPS".

12. Line up Concrete Commitments on the local level in terms of skilled and unskilled manpower, locally available resources, funds, locally available technical support, etc.

13. Evaluate the proposed alternative from the perspective of RISK and SCALE, APPROPRIATE TECHNOLOGY, and COMMUNITY IMPACT.

NEGOTIATING TO STAGE 1 (Design Adjustment)

Steps:

1. Depending on RESOURCE GAPS identified, check for alternative funding sources by examining their criteria, limits of assistance, and other needs.

2. THIS INTERMEDIATE STAGE may require negotiation between the potential supporter and the community, group, client. It may require REPETITION of some of the previous steps to bring the community needs and donor needs into alignment.

STAGE 1 (Implementation)

Steps:

1. Establishment of Financial Control Systems (such as Çash In, Cash Out, Credit Giving and Credit Using decisions and procedures); plans for future expenses and revenues made.

2. Establishment of work schedules, allotment of responsibilities to various participants, internal organizational rules.

3. Establishment of training program.

4. Purchase of materials, and storage of those not to be used immediately.

5. PRODUCTION STARTS!

6. MARKETING BEGINS (delivery, product design changes incorporated, etc.).

7. Measuring Output, Gains realized through the project--to be done in an ongoing way and matched against the **concrete Goals and Objectives established initially.**

SHARING THE RESULTS	**Periodic meetings of entire group** **Community meetings**
Simultaneous and Ongoing	**Reports to donors, other interested and potentially helpful agencies, private groups, communities**

STAGE 2

Simultaneous and Ongoing	**Constant Market Monitoring (changes in demand level, product changes)**
	Possible attachment of services, redefinition/broadening of product
	Preparation for Growth (reassessment of marketing strategy, production process, training requirements, etc.)

PCV COMPLETE PHASE-OUT, GREATER INDEPENDENCE AND GROWTH FOR THE COMMUNITY GROUP

SESSION 7: INTRODUCTION TO MARKETING CONCEPTS

TIME: 2 HOURS, 45 MINUTES

RATIONALE:

Volunteers and their counterparts are typically production-oriented. This session introduces the underlying tenet that projects must be profitable as well as productive to succeed. If there is no market, there is no feasible project. This session presents analytical tools for determining the existence of a market at the village and town level.

OBJECTIVES:

1. To review the basic concepts of marketing.
2. To practice marketing-based problem solving through a case study.

TRAINER PREPARATION:

1. Prepare the lecturette according to the outline given.
2. Prepare newsprint for the following items:
    - session objectives
    - lecturette key points on marketing
    - case study questions

MATERIALS:

1. Newsprint and magic markers; tape

PARTICIPANT HANDOUTS:

- Marketing Flows chart

PROCEDURES:

Introductory Statement:

(10 Min)

1a. Ask the participants to brainstorm a list of words they think of when they hear the term "marketing". (Put the responses on newsprint.)

1b. Explain to the participants that this session will provide them with an introduction to the elements of marketing with an application to the projects they brought with them to the in-service training.

1c. Review the objectives for the session (already on newsprint), and clarify any questions the participants may have regarding them.

Lecturette:

(15 min)

2a. Explain to the participants that many projects excel in the production phase but that business people overlook the marketing stage--thereby producing products they cannot sell profitably. To guard against this problem, one must have a well thought-out marketing plan, including product, promotion, place, and price considerations.

> TRAINER NOTES
>
> If you have any experiences with projects that produce well but have trouble marketing their products, take this opportunity to share examples.

2b. Deliver a lecturette on the following marketing principles, suggesting that the participants keep their own products in mind as the points are covered (already on newsprint):

MARKETING IS: process of delivering the correctly designed product to the right person, at the right time and place, at an acceptable price and using an appropriate form of promotion.

PROCESS: Marketing is a process that starts before the product design is completed and goes beyond the point when the product reaches the consumer to include after-purchase interviews and redesign. It is not something to do once and forget about.

DELIVER: There is more to selling a product than merely making it. Since delivery can affect the quality of a product, this service can be decisive in the success of the project.

DESIGN: The group members can decide a lot about the final product--how large, what color, how long it lasts, what level of quality, etc.

RIGHT PERSON: Making a sale today is great, but if the project is to become self-sustaining, repeat customers are important. Therefore, marketing surveys often include the question of whether someone has bought the product before and why he/she has decided to buy it again or not.

RIGHT TIME AND PLACE: Being the first supplier on the scene with acceptable quality and price can make an enormous difference. Many consumers have a certain minimal level of quality in mind and a certain price range. Once they see something with these characteristics, they buy it. If your group is delivering the right product but too late, it won't stay in business very long.

ACCEPTABLE PRICE: The right product, right time, and right place are not enough; a high price will not end in a sale. Remember that price, along with quality, is the primary factor in a consumer's decision.

PROMOTION: You have to transmit the foregoing information to those who may be interested in buying. If they don't know where your product is, and at what time, what the cost is and just how good it is, they are unlikely to buy it.

Promotion Lecturette/Discussion: (10 Min)

3a. Introduce the "promotion" concept by explaining that most people think that marketing is only advertising. In reality, advertising is only one aspect of a marketing plan. Promotion deals with all the ways in which people can learn about your product.

3b. Ask the participants to brainstorm a list of the ways in which they have seen products being promoted in the host country and what methods they have used for their own products thus far. Put the list on newsprint and ask the following questions:

- Which methods seem to be the most effective? Why?
- Which methods seem to be the least effective? Why?

TRAINER NOTES

Included in the list could be the following:

Word of mouth, Handbills on the street, Posters on the walls, Signs near the workshop/store, Radio announcements, Street sales, Distinctive labels.

Product Lecturette/Discussion: (15 Min)

4a. Ask the participants to give an example of the following, (based on products/services available in the host country): an agricultural good, a service, a handicrafts product, a consumer good. Remind the participants that the host country culture will have a big effect on the marketing approaches for these products services.

4b. Introduce the "product" concept by explaining that it begins with Raw Materials, design of the final product (color, size, other characteristics), and management of the inventory to be sure items are not damaged in storage.

4c. Have the group develop a list of important characteristics which consumers would seek in the above products/services. (Put the list on newsprint.)

TRAINER NOTES

An example of a list of characteristics for an agricultural product, such as an apple, would be:

Ripeness, Good color, Nice to touch (not oily), Freshness, Good Taste, Price, Availability (seasonal), Location (convenience to purchase).

Another example would be a handicrafts product, such as a woven basket, with characteristics that include color, texture, durability, function, size, deisgn.

Place Lecturette/Discussion:

(10 Min)

5a. Introduce the concept of "place" by explaining that the right product presented at the wrong place or the wrong time will not result in good sales or profits. Essential questions to consider are the following:

- Where will the product be made available?
- Will the producers sell it themselves?
- What will the selling hours be?
- Will it be available in more than one location?
- Is the selling location near other competition?

5b. Ask the participants what selling locations they have observed or used for their products. Why might it be important in this culture to diversify location and time of sales?

TRAINER NOTES

Ensure that relevant examples are used to discuss the impact of local culture on sales. Included might be:

store closing for family death, vacation, official holidays, crisis.

store used as social setting

ineffective display of products

Price Lecturette/Discussion:

(10 Min)

6a. Introduce the concept of "price" by explaining that many groups set artificially low prices because they don't consider the full value of their labor. Explain that, at a low price, sales can be very high but profits can be non-existent. Remind the participants that the sales price should cover all costs and include an additional amount called "profit."

6b. Ask the participants what elements need to be considered when setting an appropriate price for a product and put the list on newsprint.

TRAINER NOTES

Included in the above list should be the following items:

labor time; transportation costs; seasonal fluctuations; overhead; machinery depreciation; raw materials; advertising; current market price, profit, etc.

Closing: (5 Min)

7a. Close this portion of the session by fielding any final questions regarding the above concepts and telling the participants that the second half of the session will concentrate on marketing flows and relationships that may ultimately determine overall profitability.

7b. Tell the participants that the concepts introduced thus far will be applied to a concrete problem.

BREAK (15 Min)

Introductory Statement:

8. Introduce the second half of the session by explaining to the participants that marketing is an on-going process involving a variety of people and organizations in addition to the producers.

Individual Exercise: (10 Min)

9. Have the participants answer the following question individually: In taking your product from design through sales, what key organizations/relationships could influence your ability to realize a profit? (Have the participants put their responses in writing, and be prepared to present them to the large group.)

TRAINER NOTES

If some of the participants do not have a product, ask them to pick one and brainstorm a list of actors/organizations/relationships that are involved as the product goes from input suppliers to final consumers.

Included in the actors/organizations/events named should be the following categories: competitors, consumers, suppliers, government, physical environment.

10. Divide the participants into trios for the following task (already on newsprint): (50 Min)

    Individually make a list of the key issues which affect you (as a producer) in relation to the actors, organizations, and events already identified.

    Present your issues to the other members of the trio for their comments and reactions. (Each person should take no more than 5 minutes.)

TRAINER NOTES

Present the following example of a "key issue" to introduce the above exercise, stressing that there may be several others between any given two actors;

> Producer - Consumer Issue: consumer disposable income may be seasonal. The effect on the producer may be uneven cash flow, need to stockpile production, heavy use of credit, etc.

11. Reconvene the participants and hand out the four charts that summarize market relationships and the overall Marketing Flows Chart. Review each of the relationships using for examples the products with which they have been working and the Explanatory Notes on the Marketing Flows Chart.

    Answer any questions the participants may have related to the Chart, and then give them copies of the Explanatory Notes on the Marketing Flows Chart to have as reference material.

Large Group Discussion: (10 Min)

12. Lead a large-group discussion of the above exercise by asking the following questions:

    Were the relationships identified simpler or more complicated than you originally anticipated?

    What are the implications for a potential producer? For your role as a PCV advisor to production groups?

Closing: (5 Min)

13. Close the session by entertaining any final questions regarding marketing concepts and market flows. Explain to the participants that the next session will discuss the importance of market information-gathering.

EXPLANATORY NOTES ON THE MARKETING FLOWS CHART

The following information is intended to explain the complex marketing relationships represented in the Marketing Flows handout.

1. **The Producer-Consumer Relationship**
   Since the choice of product originates in the relationship between producers and consumers, in the form of market studies to measure the level of demand, begin with that relationship.

   Producer to Consumer A -- Some consumers can be reached directly (in this case, and individual purchaser) by the producer. Of course, some individuals prefer going to convenient retail outlets. An example of a direct sale would be when a consumer goes to the workshop to buy the carpenter's products.

   Producer to Consumer B -- Other customers will only purchase through retail outlets. It is not worth the effort for some consumers to go to the workshop -- they would be willing to pay a little more to be able to purchase the product nearby. Some consumers are so large that they prefer all logistics be done by retailers (for example, schools or other institutions).

   Producer to Consumer C -- Some consumers offer the producer a longer term commitment, a larger scale of business, and other special advantages. These relationships may take more time and resources to develop, but the potential payoffs are greater. One example is government agencies.

   Producer to Consumer D -- Some consumers used to purchase the business' products, but have stopped doing so. The reasons for the change should be determined, so that Consumer D will resume buying the product and so that others won't quit for the same reasons.

   Producer to Consumer G -- There are always new POTENTIAL clients floating in the market. For a number of reasons they are not currently buying any products from the producer or competitors. It could be they don't see the need, don't understand all the benefits of the product, or don't think they can afford it. The reasons for their lack of involvement can tell the producer a lot about how to design, modify or advertise to increase sales.

   Competitors to Consumer E -- Some consumers are loyal to the competition's products. A better understanding of this loyalty can tell the Producer about how to win them over, and may suggest ways to increase loyalty among their own consumers.

   Substitutes to Consumer F -- Other consumers meet their needs with different products. For instance, many people buy handkerchiefs rather than kleenex. Advertising and pricing changes could win some of them over to what the producer is offering.

2. **The Producer-Competitors Relationship**
There are also a number of productions choices that reflect internal decisions on the part of the managers. These have been labeled as "Value Added Options" on the Marketing Flows Handout. In other words, the firm can make a basic product, or can enhance the finished product by providing special services (e.g. insurance, transportation) and/or refinements (e.g. special packaging). While raising the price and need for labor specialization, these can also increase the profit potential.

Accompanying Services -- The producer can offer to deliver something through the mail, or offer to provide training, assembly, a limited warranty, etc. These services increase the value added to the end product by the producer, so the price can be justifiably higher.

Packaging -- This component of the end product can decrease the chance of breakage, increase "shelf life", make the product more attractive and even give the product a higher resale value. Just as with "Accompanying Services" above, it reflects a conscious decision on part of the producer.

Transportation -- The producer can make it more appealing for consumers to buy his product by delivering it to the house, to a nearby store, etc.

Advertising -- This can also add to the perceived value of the product (and therefore the price that can be charged) by informing consumers about all the benefits of the product. Telling people that your product is "longlasting", "preferred by nine of ten doctors", etc. costs money, but also attracts more interested consumers.

3. **The Producer-Suppliers Relationship**
An additional side of the marketing equation is the relationship between the producer and primary raw materials suppliers. Since this directly affects the costs of production, choices in this area can have a decisive impact on the financial success of a business or project.

Producer to Primary Supplier Raw Material A -- The producer may have a secure link to some producers, preferring them because of their location, reliability, family ties, quality of output or other reasons.

Producer to Primary Supplier Raw Material B -- Other inputs that are required for production may be in scarce supply, and the producer may have to bid against competitors for the materials.

Producer to Supplier C -- There are also inputs that could be used, although they are not the preferred inputs for technical or economic reasons. This relationship is represented by a dotted line because it is something the producer should be aware of, although he may never have to resort to it. It could be that competitors are already making use of this supplier.

Producer to Potential Secondary Sources -- The producer should also know about other options for each of the critical inputs. If there's a sudden shortage, this could give him a decisive edge.

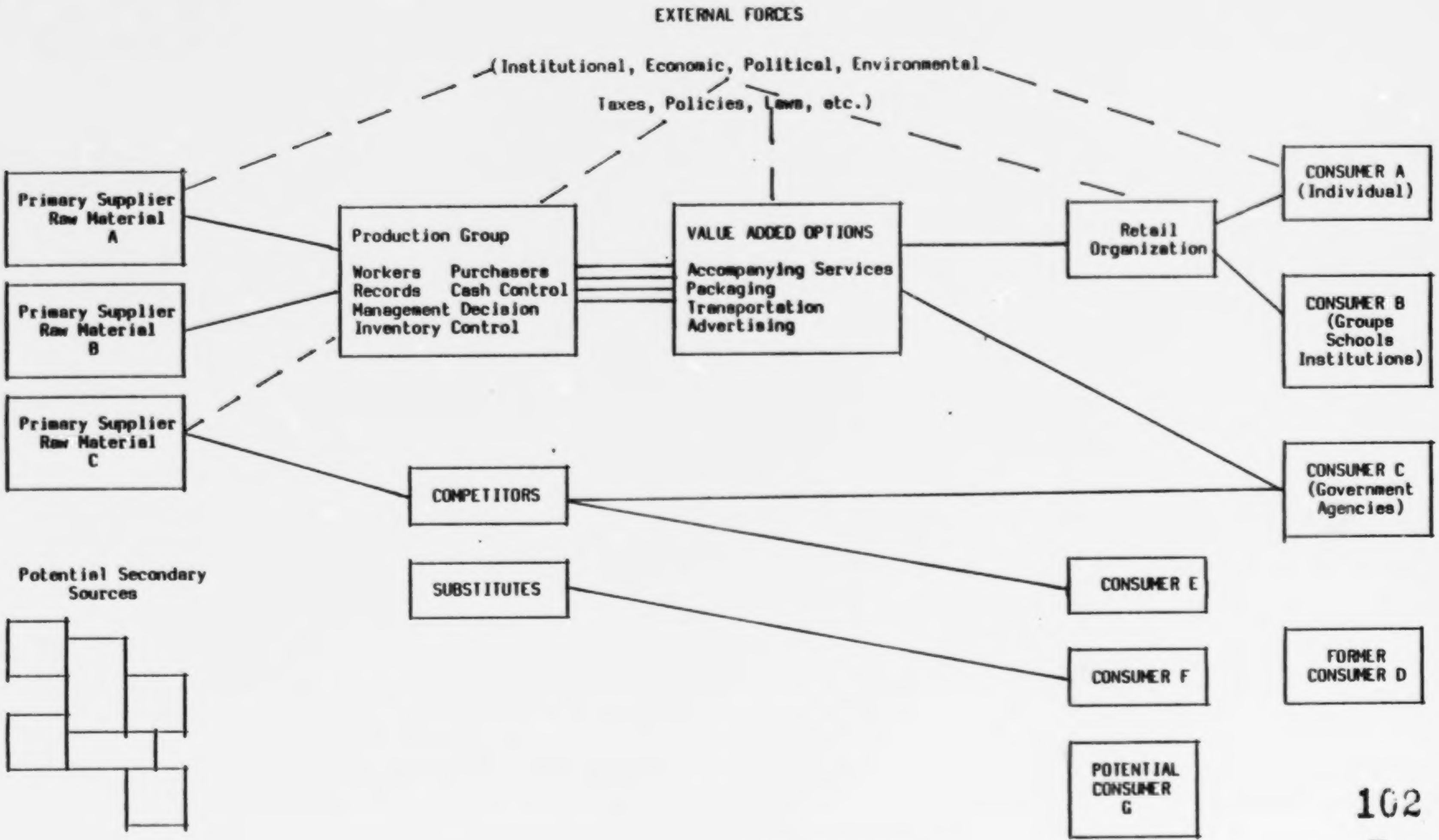
4. **The Producer - External Forces Relationship**

A final relationship is the link between the producer and external forces, including economic forces beyond his control, political decisions, institutional ties, environmental issues, and the like. These forces may set arbitrary limits on what can be produced, how much can be charged for it, when and where it may be sold, and what level of quality is required.

In the face of such forces, the producer may decide to develop special relationships to insulate his business from sudden shifts, or may attempt to unite with competitors so that they as a group can have more control over the situation.

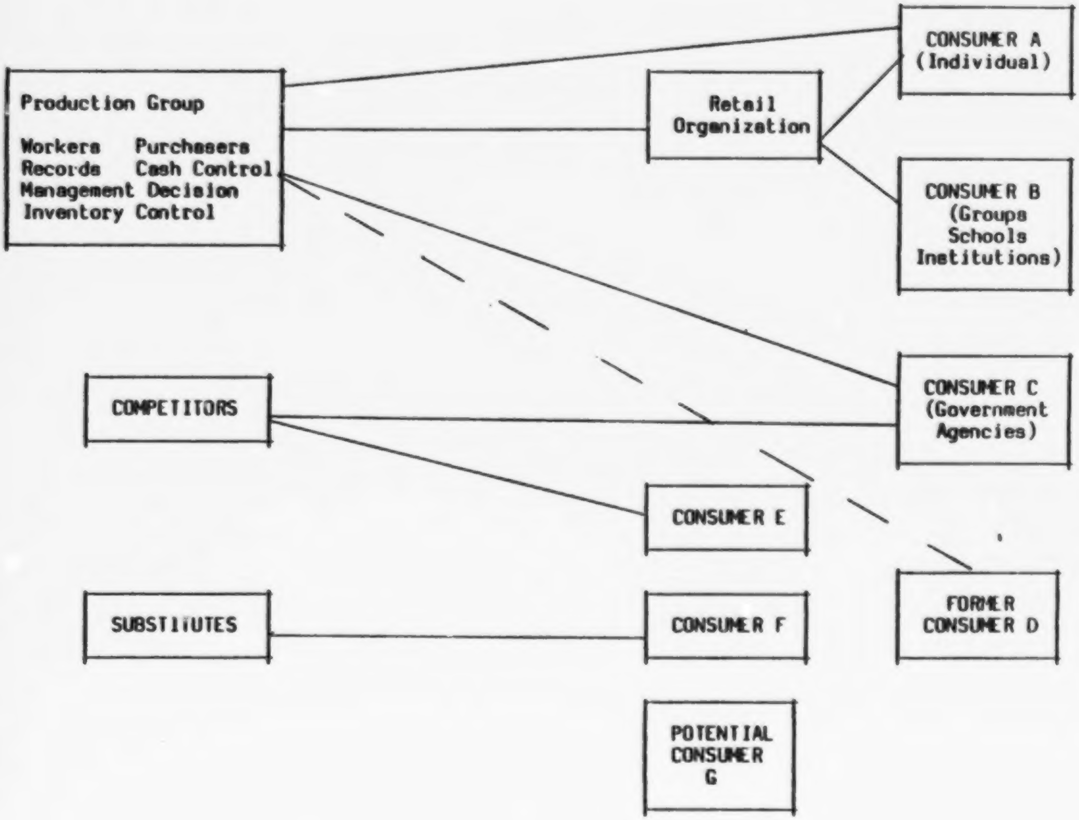
Of course, it is also important to realize that these external forces also impinge upon the choices and behavior of other actors in the marketing flows system (consumers, suppliers, and makers of substitutes).

MARKETING FLOWS


EXTERNAL FORCES
(Institutional, Economic, Political, Environmental
Taxes, Policies, Laws, etc.)
Primary Supplier Raw Material A
Primary Supplier Raw Material B
Primary Supplier Raw Material C
Production Group
Workers Purchasers
Records Cash Control
Management Decision
Inventory Control
VALUE ADDED OPTIONS
Accompanying Services
Packaging
Transportation
Advertising
Retail Organization
CONSUMER A (Individual)
CONSUMER B (Groups Schools Institutions)
CONSUMER C (Government Agencies)
COMPETITORS
SUBSTITUTES
CONSUMER E
CONSUMER F
FORMER CONSUMER D
POTENTIAL CONSUMER G
Potential Secondary Sources

REMEMBER TO LOOK AT THE WHOLE PICTURE

THE PRODUCER - CONSUMER RELATIONSHIP


Production Group
Workers Purchasers
Records Cash Control
Management Decision
Inventory Control
Retail Organization
CONSUMER A (Individual)
CONSUMER B (Groups Schools Institutions)
CONSUMER C (Government Agencies)
COMPETITORS
CONSUMER E
SUBSTITUTES
CONSUMER F
FORMER CONSUMER D
POTENTIAL CONSUMER G

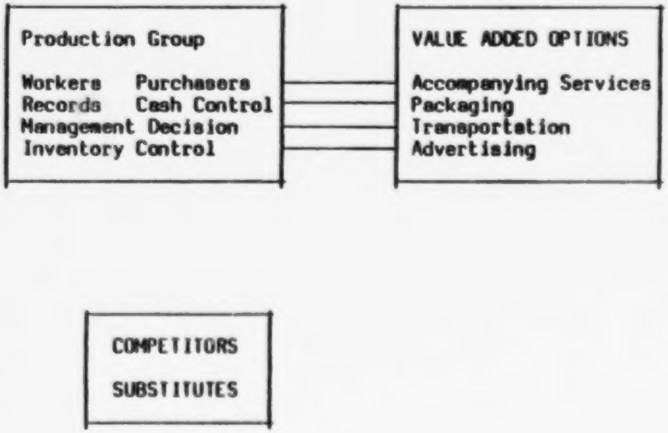
THE PRODUCER - COMPETITORS RELATIONSHIP

MARKETING FLOWS

EXTERNAL FORCES

(Institutional, Economic, Political, Environmental

Taxes, Policies, Laws, etc.)



Production Group

Workers Purchasers
Records Cash Control
Management Decision
Inventory Control

VALUE ADDED OPTIONS

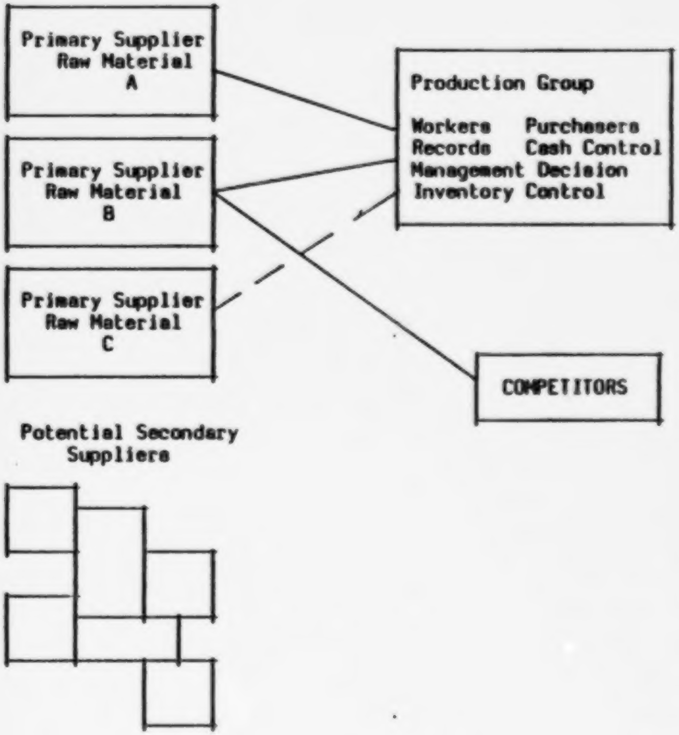
Accompanying Services
Packaging
Transportation
Advertising

COMPETITORS

SUBSTITUTES

Session 7
Handout 1, p.6

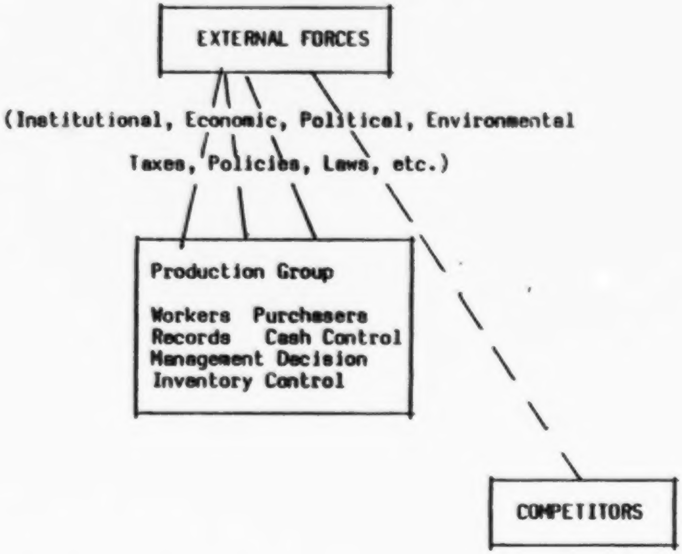
THE PRODUCER - SUPPLIERS RELATIONSHIP


Primary Supplier Raw Material A
Primary Supplier Raw Material B
Primary Supplier Raw Material C
Production Group
Workers Purchasers
Records Cash Control
Management Decision
Inventory Control
COMPETITORS
Potential Secondary Suppliers

Session 7
Handout 1, p.7

THE PRODUCER - EXTERNAL FORCES RELATIONSHIP

MARKETING FLOWS


EXTERNAL FORCES
(Institutional, Economic, Political, Environmental
Taxes, Policies, Laws, etc.)
Production Group
Workers Purchasers
Records Cash Control
Management Decision
Inventory Control
COMPETITORS

Session 7
Handout 1, p.8

SESSION 8: MARKET INFORMATION GATHERING

TIME: 2 HOURS, 20 MINUTES

RATIONALE:

Market research for host-countries should not be confused with stateside versions, which expend millions of dollars to determine product characteristics and servicing needs. In this session, tools will be developed to plug simple marketing gaps, and participants will understand how to frame questions and issues in culturally acceptable ways.

OBJECTIVES:

1. To identify all the potential information sources in a given setting.
2. To have participants practice useful information-gathering techniques.
3. To emphasize that market research is a "quick and dirty" effort aimed at lessening the uncertainty by identifying and assessing the most important risks of production.

TRAINER PREPARATION:

1. Familiarize yourself with the Market Assessment form in order to ensure that all the relevant questions are included for use in the host-country.
2. Prepare newsprint for the following items:
    - session objectives
    - outline of information-gathering skills

MATERIALS:

1. Newsprint and magic markers; tape
2. Paper and pens

PARTICIPANT HANDOUTS:

1. Market Assessment Form
2. The Folly and Consequences of Trusting Your Data

PROCEDURES:

Introductory Statement: (5 min)

1a. Explain to the participants that there is a great deal of information available that can be used to make their products better, cheaper, and more attractive to consumers. If groups are concerned only with production and do not collect important market information, they are not making the most informed decisions about what will make their product sell.

1b. Review the objectives for the session and clarify any questions the participants may have regarding them.

Market Research: (10 min)

2a. Introduce the concept of market research by asking the participants the following questions:

Why do American firms invest heavily in market research?

What are some of the ways in which American firms gather market information?

TRAINER NOTES

Included in the responses to the above questions might be the following:

Heavy investment in market research allows firms to understand the changes in consumer behavior before mass-producing inappropriate products. This reduces the risk faced when introducing new or redesigned products.

Ways of gathering information include telephone surveys, questioning people on the street or at home, test-marketing products, etc.

2b. Ask the participants the following questions regarding the role of market research in the host-country and put their responses on newsprint: (10 Min)

How do host-country business people appear to get market information?

How has market research been used in your own project?

TRAINER NOTES

While market information is spread in different ways in different cultures, there are some fairly universal methods. These include word-of-mouth, handbills, signs, posters, and radio and newspaper advertisements. Of course, the list generated by the trainees should be country-specific.

Individual Task: (45 Min)

3a. Have the participants complete the following task individually (already on newsprint):

a. Make a list of the questions you would want to have answered before starting or expanding your project.

b. Review the Marketing Flows Chart and determine which of the actors is likely to have the information you need. List any other individuals in the community you would contact before reaching a decision.

c. Indicate what types of information you would expect to obtain from them.

d. Indicate how reliable you would expect the information gathered to be.

Be prepared to make a ten-minute presentation of your information to the large group for comment/critique.

Individual Presentations: (30 Min)

4. Reconvene the participants and have volunteers make presentations for comments/critique. Be sure the large group focuses on the appropriateness of the questions and the selection of information sources in their review comments.

Large Group Work On Market Assessment: (20 Min)

5. Pass out the "Market Assessment Form" and have the participants read it individually. Lead a large-group discussion based on the following task:

Develop a comprehensive assessment form, based on the information which you developed for the presentations and which was provided in the was provided in the assessment form.

Role of the Volunteer in Information-Gathering: (15 Min)

6. Ask the participants the following questions regarding the role of the Volunteer in information-gathering, based on the information in this session and experiences at their sites:

   What is the appropriate role for the Volunteer in market research?

   How active should the PCV be vis-a-vis the group with whom he/she is working?

   What dangers are there when the PCV does all the market research alone?

   Who is more likely to know the real centers of influence in a community--the PCV or a member who has lived there all of his/her life?

   How can a host-country person be trained to take on this function? What is the appropriate role for the Volunteer in this process?

Closing: (5 Min)

7a. Pass out the handout "The Folly and Consequences of Trusting Your Data" for the participants to keep as reference material.

MARKET ASSESSMENT FORM

Many Peace Corps Volunteers work with income generation and small business projects with individuals and communities. Many of these projects plan to or are producing goods and/or services for sale. As such, there is a marketing component in many projects.

The following list of questions is designed to assist the Volunteer, the community, or the individual assess the marketing aspect of the project. Not all questions will be applicable to all products or services. For example, some questions may apply to agricultural products, but not to craft items. The Volunteer should use his/her best judgment in deciding what questions need to be answered and at what level of detail.

A separate market assessment form should be used for each product to be produced. If, for example, your project proposes to produce chickens and potatoes, or baskets and wood carvings, a separate form should be used for each product.

In the logic of project development, a market assessment should precede production start-up. In other words, if there is no market, there is no business.

In going through these questions with your group, some of the information requested may not be available. Most developing countries do not have much information available on markets for various products or price and quality considerations. Many times the Volunteer or the community will have to go out into the proposed market and ask questions of buyers and sellers. You can also learn a lot about your proposed market by studying your competitors or by observing how the proposed market works.

The answers to these questions will help focus on some production-related questions. For example, how much do we propose to make, at what quality, do we have sufficient raw materials, do we have the capability to supply the market, can we make a profit, are there government price controls on our product or raw materials, who is going to keep the books and manage the production to assure timely production and delivery, etc?

(This form has been adapted by Gary Laidig and Mike Goldberg from Starting a Small Business in Jamaica, published by the Inter-American Institute for Cooperation in Agriculture (IICA), Kingston, Jamaica.)

"The Market Assessment Form is an outline of some of the important questions that a **production group** should consider when choosing a product, the level of quality, the form of promotion, price, etc. The group can draw up questions for actual and potential customers based on **information gaps** that they feel exist."

The subsections of the Form could be as follows:

Product Choice

1. What product do you plan to produce?

2. Why do you think there is a need for the product?

3. What reasons are there for people to buy this product?

4. How would you characterize the product?
   ____ A luxury item (decorative items, fancy clothes, etc.)
   ____ A basic necessity (food, clothing, etc.)

5. Would you buy the product? Why or why not? ______________________________

   ____

Product Characteristics

6. When someone shops for this product, what are the four most important characteristics they look for?

   ____

7. Is the product perishable?

8. How long can it be stored without reducing the quality? __________________

9. What kinds of packaging can be used to store the product for longer periods of time? ____

Clients and Demand Cycles

10. Who specifically will be the customers?
    ____ Tourists, etc. ____ Upper-income people, etc.

11. How often do your customers use the product?
    ____ Daily ____ Weekly ____ Monthly ____ Other

12. If the price were lower or the product were more readily available, would people use it more frequently? ____ Yes ____ No

13. Where are most of the customers located?
    ____ local community ____ In the surrounding area
    ____ In towns or cities ____ Overseas

This form has been adapted by Gary Laidig and Mike Goldberg from Starting a Small Business in Jamaica, published by the Inter American Institute for Cooperation in Agriculture (IICA), Kingston, Jamaica.

This Market Assessment Form is to be completed by the producers of the product, not the consumers. In gathering this information, the members of the group may find it necessary to interview (formally, informally) consumers, other producers, retailers and others. There may be other questions that should be included, depending on the nature of the product and the scale of the project. Some of the above questions may not be necessary for a particular project or business.

It is important that marketing assessment is an ongoing activity, since the market is constantly changing. Periodic checks are needed to see if your group needs to adjust the level of production, the quality of the product, the form of promotion, etc. Of course, this tool is also meant to identify the key considerations for a project BEFORE production begins. Adapt it as you need to -- but complete some form of market assessment, or the group will learn about simple market realities in costly ways.

THE FOLLY AND CONSEQUENCES OF TRUSTING YOUR DATA

Most Management Scientists consider themselves realists. They believe that there is a real world "out there", that natural laws do indeed exist, that these laws can be discovered, and that mathematical models can be constructed to study these laws. That requires drawing heavily on physical, biological, and mathematical sciences to construct this "world view".

One of the most important symbols of this "world" is DATA. This stuff forms the very basis for models, and confirms the reality that has been assumed. Data are supposed to be numbers that reflect the hard facts of life.

However, it's hard to think of any situation when the data reflects any agreed upon "reality". Usually, there are so many versions of reality in the minds of those supplying the data, and the "facts" being offered reflect an approximation of one of these realities -- maybe! Most likely, the data reflect what most peoples wish was reality or what they want you to believe is reality. Let's review some of the most common assumptions and misperceptions made about data and examine the folly and consequences of believing that there is "objective" data and that you have it.

SOME ASSUMPTIONS ABOUT DATA

Assumption 1 -- Data reflect a constant reality.

This assumption relies on the notion that data are the results of some mechanical or standard biological processes that are unchanging from year to year. In developing countries, this type of information will be presented on a sporadic basis. Often, people will produce the data to satisfy the needs of interested outsiders, even when it cannot exist.

Assumption 2 -- Data reflect what people really mean.

This king-sized assumption relies on the notion that, when people are called on to contribute data, they will "tell it like it is". But people often dutifully fill in the forms to tell others what they want to hear, rather than what is actually happening. The only way to find out what is really going on is to go "in the field" and spend some time with the people actually doing the work, needing the service, or desiring the goods. It often helps to drink a few beers with them -- the informal setting, not to mention the beer, often helps people relax and remember what is really going on. Without this kind of first-hand data, your feasibility models will be built on fiction and the results will eventually reflect it.

Assumption 3 -- People will do what they say for the reasons they say.

We are all in the business of prediction. One of the biggest problems we run into in trying to predict the future is that we must accept others' reasons for what they do, won't do and will do in the future. But experience shows that many people have little idea of how they will really behave in the future, let alone understand the factors that will cause a given response. So models that accept all data uncritically are destined to fail.

For example, the field of Marketing is filled with models that attempt to explain future behavior based on people's stated intentions. They may think that they will only buy yellow Rolls Royce cars in the future. But, as your group starts churning out the yellow Rolls, others invent a Volkswagen, and others begin to offer Rolls Royces in elegant silver shades. So, while they were telling you that yellow and Rolls Royce were the right characteristics, they were really more flexible than you and they realized. And there you are, awash in yellow Rolls, having relied on their predictions of their own behavior without analyzing what was at the heart of their needs.

Determining the reasons for behavior is just as difficult. Many times someone's behavior is based on political reasons, and thus defies rational analysis. However, people rarely attribute their actions to political needs. So here, too, there is more going on than first meets the eye.

Assumption 4 -- Production of data is not affected by organizational politics.

This assumption is totally false; people are not passive participants in an organization. Individuals have their own goals and purposes. People manufacture, massage, filter and shade data for a variety of reasons. If you are using data produced by someone else, you had better be certain that you understand the underlying reasons of how and why the facts are produced. Everyone introduces some biases into their observations. Failure to understand what those biases might leave you with data of questionable value.

The following is a list of suggestions for checking out your data:

Learn Accounting

Accounting can produce some important information, or can be used to hide facts that can make a difference. If you can grasp the variety of ways in which something can be seen and verified, it will make getting to the heart of what is really going on much easier.

Learn the Business

Some people think that learning how to manage is generic, that something concrete like an inventory model can be set up regardless of the characteristics of the product, that one inventory control method can be adopted for any situation. But it is clear that the standard "Equal Order Quantity" system wouldn't be so useful with perishable goods. It helps to know the business before you build the model.

Learn about People

Be aware of what makes people tick, and how they choose to define reality. Do not just ask for a number but ask yourself what it really means to those that produced it. Always remember that your reality and theirs are not exactly the same.

Learn about Political and Financial Games

Find out who is trying to do what to whom, so that you'll understand the way in which an organization, ministry, company or individual may shade the information provided in one way or another. For instance, making a profit and showing it on financial forms may not yield the same answer, for a variety of important reasons.

Check It Out!

Finally, it would prove helpful to remember what journalists often tell each other about their sources of information. It goes something like this;

> "Even if your mother says she loves you, CHECK IT OUT!"

Adapted from: Management Science Process, by Robert J. Graham, Interfaces, Vol.12, No. 2, June 1982. The Institute of Management Science, copyright 1982.

SESSION 9: QUALITY CONTROL

TIME: 2 HOURS

RATIONALE:

One of the crucial ingredients in a consumer's decision to purchase a good for the first time, or as a repeat customer, is the quality of the product. Yet many businesses, cooperatives and clubs believe that production of almost any quality is sellable. This session emphasizes the role of quality, and offers suggestions about how to incorporate this consideration into the production process so that the project will become profitable and self-sustaining.

OBJECTIVES:

1. To link production and supply quality to the final outcome of a project.
2. To provide the participants with an experience that brings out the importance of quality control in a production environment.

TRAINER PREPARATION:

1. Obtain the necessary items for the production simulation in Activity 3 and arrange them in disorganized piles on a table in the front of the room.
2. Prepare newsprint for the following items:
    - session objectives
    - group instructions

MATERIALS :

1. Newsprint and magic markers
2. Two dozen ballpoint pens with removable parts (or the other items chosen for assembly)
3. Extra parts from other pens, and assorted unrelated items

PARTICIPANT HANDOUTS:

N/A

PROCEDURES

Introductory Statement: (5 Min)

1a. Introduce the session by asking the participants the following question: "What have you noticed about the quality of the products you have seen/purchased in the host country? Have you become more conscious of the need for quality control as a result of some of your purchases?"

1b. Review the objectives for the session and clarify any questions the participants may have regarding them.

Quality Problems: (10 Min)

2a. Point out to the participants that issues of quality control are common, and have a direct impact on a consumer's decision to purchase a product for the first time, as well as his/her decision to make additonal purchases in the future.

2b. Ask the participants what reasons there could be for products of poor quality produced in the host country. (Put the responses on newsprint):

TRAINER NOTES

It may be helpful to have the participants consider this issue based on their own products and those that they buy frequently. Included in the responses could be the following:

- Low value placed on quality of raw materials
- Feeling that the number of products produced is important, not the quality or number of units sold
- Inexact settings on machines used in production
- Poor training for workers
- Poor protection for raw materials (damage in storage)
- Insufficient raw materials
- Failure to build quality control into production process
- Attempts to imitate other goods without understanding production functions
- Consumers willing to purchase with low quality

Production Simulation: (10 Min)

3a. Explain to the participants that, in order to more fully understand the issues involved in the production of a quality product, they will have the opportunity to participate in a production simulation exercise.

3b. Select a maximum of 5 participants to act as a "producers" group. (You may use more than one group if the training community is large. There should also be at least 5 people left undesignated). Assign the following task to the producers' group:

- Organize a production line for the product;
- Assemble as many completed products as possible within 3 minutes. (Trainer times the exercise).

TRAINER NOTES

If other items are used instead of pens, be sure that they have to be assembled before use, and that they have parts which can be damaged or easily confused.

There should be at least twice as many ballpoint pens components than can be assembled within three minutes. Some parts should be broken, in the wrong places, etc. to simulate an actual production situation.

Be sure to tell the participants not in the producers' group to observe the process.

3c. Have the "undesignated" participants go to the front of the room, assign them the role of the "evaluators", and ask them to complete the following task: (15 Min)

- Develop a list of the characteristics and specifications of an "acceptable" pen. (Put the list on newsprint). (Included in the responses could be the following: writes clearly, is comfortable in hand, looks attractive, etc.)
- Compare the products assembled against the quality criteria above. When a pen is disqualified, the rationale for the decision must be given to the producers.

  (The choice of the strictness of the quality control is up to the group.)

Large Group Discussion: (20 Min)

4. Reconvene the participants and lead a large-group discussion, using the following questions:

   Did the producers take enough time to organize the process? If they did, what were the benefits? If they didn't, what were the consequences?

   Did it appear the producers wanted to move on to pen construction before clearing up any production process questions?

   Was everybody a part of the production process? If not, what happened?

   Were any of you who were producers unclear about your assignment?

   Were any of you who were evaluators unclear about what the producers were doing to organize themselves?

   Did any of the producers think that the product was going to be evaluated?

   How did the producers feel when you realized that you were going to be evaluated? Would you have changed the way in which you organized your production process if you had been warned at the start that you would be evaluated?

   Were you evaluators "EASY" on the quality of the product because your friends had made them? What does this imply about Quality Control by a group or a family business?

   (If YES to the previous question): Would you expect consumers to take as lenient a view on quality?

Quality Control: (10 Min)

5a. Ask the participants what methods they could have used to improve the quality of the pens produced in the above exercise. Put the responses on newsprint.

> **TRAINER NOTES**
>
> Included in the methods for improving quality could be: better training; better materials; better organization of work flow; more time; greater familiarity with the product.

5b. Ask the participants to individually write down what other quality control methods could be taken for host country products in general (in addition to those already mentioned in the "pen" exercise.) (5 Min)

5c. Have the participants volunteer the methods they have written down and add them to the newsprint.

TRAINER NOTES

Included could be the following measures: worker sense of pride; maintenance of equipment and tools; better inventory storage; better division of labor.

Quality Control and Training: (15 Min)

6. Point out to the participants that there is a definite link between Quality Control and Training in that quality control does not just depend on raw materials quality but also on the preparedness of those processing the raw materials and their awareness of the importance of quality output. Ask the following questions:

   Have you ever been involved in a production process (at home or in host-country) when you felt the output suffered for a lack of training?

   What could have been done to alleviate this problem?

   Are there specific training needs you can anticipate for the project you are now helping to plan or implement?

   What is your role in training local group members in quality control?

Quality Control and Marketing Flows: (15 Min)

7a. Ask the participants to refer to their own project and the Marketing Flows Chart (Session 6), and be prepared to discuss the following:

   Determine where poor quality control could become an issue in the marketing relationships and interactions for their products.

   Identify specific quality control methods which could help alleviate these problems.

7b. Ask for volunteers to present their results to the large group for comments and questions. (10 Min)

Closing: (5 Min)

8. Close the session by explaining to the participants that, in addition to the producers, intermediaries also play an important role in the quality of the final product. The next session will be devoted to exploring this critical topic.

SESSION 10: THE ROLE OF INTERMEDIARIES IN MARKETING

TIME: 2 HOURS

RATIONALE:

This session will emphasize the central role played by intermediaries in the marketing process in developing country economies, and alert the participants to the potentially detrimental costs incurred by leaving many of the auxiliary services up to these actors. Without a clear understanding of the benefits and costs involved in using others' marketing services, a project or business activity can result in low or no profits.

OBJECTIVES:

1. To clarify the role of intermediaries, consider the costs and benefits of using them in marketing products, and suggest possible ways of circumventing intermediaries (middlemen).
2. To discuss the concept of "value added".

TRAINER PREPARATION:

1. Check to find out what types of marketing intermediaries are most commonly used in the host-country, and in the types of projects identified in the pre-IST questionnaires.
2. Prepare newsprint for the following items:
    - session objectives
    - lecturette outline
    - wood cabinet processing steps

MATERIALS:

1. Newsprint and magic markers

PARTICIPANT HANDOUTS:

N/A

PROCEDURES:

Introductory Statement: (5 Min)

1a. Explain that this session will be devoted to discussion and analysis of the role of intermediaries in the marketing process, a role that has concrete benefits and costs for a production group or a business.

1b. Review the objectives of the session and clarify any questions the participants may have regarding them.

Brainstorming: (30 Min)

2a. Ask the participants to define the word "intermediary" and give examples of the types of functions they may fulfill between producers and consumers in the marketing process.

TRAINER NOTES

Included in the definition could be:

Actors in the marketing process who play facilitating roles, but are not the end users of the products nor their producers. Intermediaries take advantage of economies of scale, market contacts, market information and poor infrastructure (transportation, communications) and fill gaps in the marketing flow. They fill an "intermediary" role between producers and final consumers.

Examples include:

Credit suppliers: Intermediaries supply credit to farmers for the purchase seeds, fertilizer, other supplies in exchange for a percentage of the harvest. They may also offer certain services in exchange for payment at the end of the production cycle.

Transportation: Intermediaries charge for delivery of final products to nearby and distant markets for final sale.

Production Inputs: Intermediaries purchase large amounts of inputs at bulk purchases, selling to individual producers in smaller amounts and charging retail prices.

Retail Sales: Intermediaries buy products from individual producers and sell them to consumers in stores in nearby or distant markets.

2b. Ask the partipants to list the types of intermediaries most commonly used in the host country, and particularly those most likely to be associated with their projects. Put the responses on newsprint.

2c. Have the participants identify the potential advantages and disadvantages of using intermediaries for their products. Put the responses on newsprint under those headings.

TRAINER NOTES

Included in the list of advantages/disadvantages could be the following:

Advantages Of Using Intermediaries Are:

They fill gaps in the marketing process, allowing the producers to concentrate on efficient production of the final product.

They may offer services that the producer would not be able to get any other way. For instance, a farmer would have a difficult time delivering his output to market quickly and without damaging the products, while an intermediary already has his own transportation, and knows the market schedule.

They have the market contacts required to sell large amounts of products in central markets. The producer might have to visit several retail and wholesale outlets before finding a receptive one.

They have access to better market information and changes in consumer tastes, changes in income, and consumer feedback.

Disadvantages Of Using Intermediaries Are:

Since the intermediaries often enjoy monopoly positions, the services offered can be very expensive.

Reliability may be an issue. Since the intermediaries represent many small producers and some large producers, they may favor a given producer.

The intermediaries may not channel market information (such as changes in tastes, incomes, styles, etc.) back to the producer.

Large Group Discussion on Intermediaries' Role: (15 Min)

3a. Ask the participants the following questions about the intermediaries listed:

Do you think that the intermediary's work adds a lot to the value of the product? Why/Why not?

Do you think that the intermediary's work adds a lot to the cost of the product? Why/Why not?

Why do you think the producer sells the product to the intermediary rather than selling it to the ultimate consumer?

TRAINER NOTES

The intention of these questions is to consider the real economic impact of using the services of an intermediary. If the value of the product only increases marginally, but the cost increase to the final consumer is significant, it might be wise for the producers to take on the intermediary's role themselves. Some of the reasons a group may not be willing to take on the intermediary role include the following:

- too much time required
- lack of confidence
- lack of training
- lack of understanding of the potential profits involved
- lack of money, transportation and/or tools and equipment
- lack of market contacts and market information

Lecturette on Value-Added Concept: (20 Min)

4. Deliver a lecturette on the concept of value-added based on the following points:

In deciding whether or not to use intermediaries, a primary consideration is how much value they add to the final product. If the producer feels that the cost of using the intermediaries is substantially higher than the value added to the product, he/she may choose to assume some of those functions internally.

Most products go through several stages of processing, beginning with raw materials and culminating in a finished product being sold and delivered to the consumer. The raw materials may be reworked, mixed with other raw materials, cut, polished, etc.

An example would be the steps required to make, sell and deliver a wood cabinet, (already on newsprint):

Step 1 -- chopping down the tree
Step 2 -- delivering the raw material to the user
Step 3 -- cutting wood into standard sized wooden planks
Step 4 -- cutting the wood into various pieces, planing, polishing, finishing the pieces
Step 5 -- nailing, gluing, assembly of pieces, applying finishing veneers
Step 6 -- attaching metal pieces to drawers
Step 7 -- packaging
Step 8 -- transporting to store
Step 9 -- selling wood cabinet to consumer

The producer may choose to be involved in Steps 1, 2 and 3...or the producer may prefer Steps 4, 5 and 6...or just Step 4...or other combinations of the Steps listed above.

As the producer broadens his role (taking on more of the Steps of production involved in making wood cabinets), he increases the value added to the raw material: wood. He is investing more time and more labor, using different types of equipment and different skills, so he is entitled to more of the profits realized from the sale of the cabinet to the consumer.

Individual Work: (15 Min)

5. Have the participants individually develop a step-by-step list for the processing of their own product. Have each participant answer the following question related to the list:

   What would be the advantages and disadvantages to your group if it took on more of the processing of the product?

Individual Presentations: (15 Min)

6. Have individuals volunteer to present their work to the large group for comments and questions.

TRAINER NOTES

The advantages mentioned could include the following:

Higher profit potential

Closer contact with consumers (resulting in better information regarding changes in styles, acceptable prices)

Closer contact with raw material suppliers (resulting in better information regarding access, prices of wood)

The disadvantages mentioned could include the following:

Greater internal coordination required
More money
More training required
More equipment required
More market contacts required
More storage space required
More credit required

Large Group Discussion: (15 Min)

6. Lead a large-group discussion by asking the following questions:

In your project, does it seem that the intermediaries are filling a necessary marketing function?

What is the appropriate role for a Volunteer vis-a-vis the project and its use of intermediaries?

Can you suggest any ways in which production groups, such as those mentioned in the presentations, could sell their products without the assistance of intermediaries?

What does elimination of intermediaries mean for the organizational structure required of a project?

TRAINER NOTES

Some of the ways to eliminate the intermediaries include the following suggestions:

> **Production groups could pool their production and market it in bulk directly to large wholesalers or retailers.**
>
> **Consumer cooperatives could be established, in which producers buy some or all of the raw materials required in large quantities.**
>
> **Transportation cooperatives could be organized, in which producers rent or purchase the vehicles required to market their output directly.**

Closing: (5 Min)

8. Close by explaining that the decisions related to value-added directly affect the costs incurred and, therefore, the final price. Explain to the participants that the next session will present a way to incorporate these considerations into a worksheet to measure the economic feasibility of a project.

SESSION 11: PRODUCT COSTING AND PRICING

TIME: 2 HOURS, PLUS MARKET VISIT

RATIONALE:

To complete a feasibility/viability assessment as presented earlier, it is necessary to look at the project or business from a strictly economic point of view. Failure to identify all the relevant costs, and to develop a plan for controlling them, may result in an inappropriate price decision, lost profit opportunities, and an inability to pay project participants for the true value of their labor. This session offers an opportunity for the participants to organize price and cost information as part of an overall feasibility/viability assessment.

OBJECTIVES:

1. **To examine price determination from the viewpoints of production and marketing costs and market receptivity, and to apply these concepts to the participants' projects.**
2. **To become familiar with a costing worksheet for products to determine an appropriate price.**

TRAINER PREPARATION:

1. **Review the costing worksheet and accompanying explanatory sheet for the large group discussion and the individual exercise.**
2. Prepare the newsprint for the following items:
   - session objectives
   - lecturette notes
   - production situation exercise

MATERIALS:

1. Newsprint and markers
2. Tape

PARTICIPANT HANDOUTS:

1. Costing Worksheets (two pages)

Introductory Statement: (5 Min)

1a. Review the rationale for the session in your own words. Explain that many production groups and businesses set very low prices for their products, and are faced with rising demand and no profits. Mention that there are also other groups setting their prices too high, so no one is interested in their products. It appears that there is a range within which the price should be set, which is low enough that it clears the market but high enough to allow the group enough of a return to purchase more raw materials, cover all costs (including labor) and still have a profit to reinvest or distribute.

1b. Review the objectives of the session, answering any questions the participants may have regarding them.

Lecturette/Discussion on Pricing: (30 Min)

2a. Present a lecturette on the need for price setting to be a conscious producer decision, stressing the following points (already on newsprint):

The importance of setting a price for a product:

If the group accepts the price set by the competition, it may prove too low for sustainable, profitable production. Larger producers have advantages such as economies of scale, specialized production techniques and quantity discounts from raw materials suppliers. With such fundamental differences, other producers may be able to charge a lower price and still maintain profitable production over time.

The price tells consumers about the quality of the product. If the production group wants repeat customers, the price and quality (as measured by durability, flavor, etc.) should be related in some way.

2b. Ask the participants what kinds of PRICING techniques producers and retailers utilize to encourage customers to buy their products. (Put their responses on newsprint).

TRAINER'S NOTE

Included in the responses could be:

introductory prices
quantity discount prices
special sales prices to move old inventory
special prices for regular customers
special prices for immediate cash payment
cheaper price at production site
wholesale price versus retail price
lower price for slightly damaged goods

2c. Remind the participants that there is an important difference between high prices and high profits. PROFIT (not price per unit) is the ultimate goal for a production project. Overall project profits are related to the number of units sold and the profit margin per unit sold.

2d. Ask the participants to consider the following four situations and decide which of them gives the production group the highest profit. (The four situations should be already on newsprint).

ASSUME: the standard cost of production is $1.50 per unit if monthly production is between 40 and 75 units.

SITUATION 1 -- Sales of 50 units during the month at a price of $3.00 per unit.

SITUATION 2 -- Sales of 56 units during the month at a price of $2.80 per unit.

SITUATION 3 -- Sales of 44 units during the month at a price of $3.10 per unit.

SITUATION 4 -- Sales of 60 units during the month at a price of $2.65 per unit.

Indicate that calculation of profit can be done as follows:

Profit =(Price per unit x units sold) - (Cost per unit x units sold).

2e. Have the participants look at the following information, and point out that the situation with the highest number of products sold is not the most profitable, and the situation with the highest price per unit is also not the most profitable.

Situation	Sales	Revenues	Costs	Profit
1	50	$ 150.00	75.00	75.00
2	56	156.80	84.00	72.80
3	44	136.40	66.00	70.40
4	60	159.00	90.00	69.00

Discussion of Types of Costs

(20 Min)

3a. Explain to the participants that up to now the focus has been on prices and profits, and the assumption has been made that costs are constant. We will now begin to look at the costs involved in production.

3b. Ask the participants what categories of costs (expenses) they would anticipate would arise in the project ideas they brought to IST. Have them give specific examples in each category. Put the responses on newsprint.

TRAINER NOTES

Included in the cost categories could be the following:

(1) TRANSPORTATION could include --
- paying for shipment of raw materials
- moving finished products to point of sale
- paying for bus fare for group member to go to the land registration office to get land title approved

(2) EQUIPMENT could include --
- Installation of the machinery
- Spare parts
- Supplies for maintaining the equipment

(3) PRODUCTION SPACE could include --
- Rent
- Lock for the door
- Inspection costs
- Lights
- Warehouse rent

(4) ADMINISTRATIVE COSTS could include --
- xeroxing documents
- pens, pencils
- postage
- notebooks
- accounting notebook

Costing Worksheet Review: (15 Min)

4a. Pass out the Costing Worksheet to provide the participants with a format in which to put the costs for their projects. Explain to the group that the value of this worksheet is that it enables them to summarize their costs and have a realistic basis from which to set a price. Allow 10 minutes for the trainees to review the worksheet and the explanatory page individually.

4b. Check to see if the worksheet information is clear to the group, and explain to the participants that there are two kinds of costs---controllable and uncontrollable. Ask them for examples of each type of cost and put their responses on newsprint.

TRAINER NOTES

Controllable costs include waste due to poor storage of raw materials, poor selection of raw materials, making products where there is no market interest, etc.

Uncontrollable Costs include new government taxes on imports the project needs, a sudden shortage of a key ingredient, increased gasoline prices which lead to higher transportation costs for inputs and final products, etc.

Large Group Discussion: (10 Min)

5. Lead a large group discussion of ways to keep controllable costs in line by asking the following questions:

What are the reasons why controllable costs could be higher than necessary?

What internal improvements might a production group make to bring these costs down to an acceptable level? (More personnel training, better inventory control, better storage, more efficient records).

Price-Setting: (15 Min)

6a. Ask the participants what methods are used to determine product prices in the host-country - particularly in the groups with whom they are working.

TRAINER NOTES

Included in price-setting methods are the following:

What the competition sells the product for

Total of all costs, plus a mark-up percentage

Total of all costs, plus a fixed amount in local currency

Guessing

Negotiating the price with customers within boundaries

Setting different prices arbitrarily for different customers

Setting price based on what producer himself or herself would pay

Government board sets price

6b. Remind the participants that long-term success of a project depends on the generation of PROFITS. The mere existence of profits is not sufficient, however, these profits have to be substantial enough to allow for new purchases of equipment, supplies and tools, and pay those contributing their labor enough to want to continue the project. In essence, a small profit may mean a feasible product, but not a viable one (long-term equipment purchases cannot be made).

Market Visit Introduction: (10 Min)

7a. Explain to the participants that, in order to be certain that their project costs are accurate and economical, it is essential to obtain comparative market costs. The next ______ hours will provide an opportunity for them to perform this task and complete a project costing worksheet for review with the trainer. Included in places to visit are shops, raw materials outlets, and potential competitors. Sources of information include both owners/operators and consumers.

7b. Divide the participants into pairs (with similar products), and assign the following task (already on newsprint):

Visit the local market and determine costs of raw materials, tools, and equipment needed for your project. (Obtain as many as three comparative costs, if possible).

Check out the cost/quality of final products which are similar to the one you will be producing.

Be prepared to complete the cost worksheet during the second half of the session.

Market Visits: (As Needed)

8. Visits are conducted and market information is obtained for use in the second half of the session.

Processing of Market Visits: (20 Min)

9. Reconvene the participants and process the visit with the following questions:

   Did you see a lot of variations during the store visits in terms of quality, cost?

   Was there any problem with raw material availability according to the season?

   How many quality levels of the raw material did you detect?

   Did the cheaper or more expensive versions of the final products look like the better buy to you? Which version seems to sell more?

   Did you see anyone buy the raw materials or equipment you would need? If so, did they negotiate the price, or was there a standard price?

   Are there any problems with raw materials availability?

TRAINER NOTES

If there has been sufficient time to collect cost information during the market visit, ask the following:

What would you calculate the costs for your products to be?

If there has not been sufficient time to collect such information, ask the following:

Did collection of cost information take longer than you thought it would?

Preliminary Costing Exercise: (20 Min)

10a. **Explain to the participants that the raw costing data they obtained in the marketplace will now be put into a preliminary costing worksheet. Ask them which portions of the worksheet they can complete with the information they now have, and which portions will require more information-gathering back at their sites. (Labor, transportation, packaging, and administrative costs will need to be done at the site.)**

10b. Have the participants complete the preliminary costing worksheet for their projects, and set up a time to review **it individually with the trainer. (A meeting schedule should be on newsprint in the front of the room).**

Closing: (5 Min)

11. Close the session by reminding the participants that you will be available for individual project consultations, on costing and any other areas they may wish to discuss. Explain to them that they will have the opportunity to apply the information gathered in the market session in up-coming sessions as well.

COSTING WORKSHEET

This worksheet is intended to help the production group capture all the relevant production and marketing expenses incurred. It is important that the worksheet be completed based on actual costs wherever possible, rather than with just price estimates.

The worksheet is intended to help the group in several ways. It will enable them to put together an Operating Budget, set the price of the final product effectively and realistically, and will demonstrate the degree of the profitability of the project.

Pick a unit of production at which you can measure the costs. In other words, a chicken farmer would be more able to measure costs on the basis of 100 chickens raised rather than on a per chicken basis. Also, since there are losses during the production process in most cases (due to breakage, disease, many other causes), you may be compiling costs on the basis of 100 units but need to have selling prices that must overcome those losses. For the chicken farmer, he may have to vaccinate 100 chicks to end up with 88 healthy, mature, marketable chickens three months later. In the end, his price should reflect the cost of all the vaccines.

Remember that PROFITS have to cover a number of things, and cannot just be distributed to group members at the end of a cycle of production. First, some of the profits have to be set aside to pay for the raw materials needed for the next cycle of production. Second, the group needs to save some (in a secure account) for major future expenses, such as new tools and equipment. Third, it must cover repairs and maintenance expenses. Finally, profits must pay those members who worked on the project. Then all members can expect something for their group support from what is left. If the project is to become self-sustaining, PROFITS have to be carefully controlled so that future expenses can be covered with group funds.

HOW TO DECIDE ON THE SCALE OF PRODUCTION FOR THE COSTING EXERCISE

There are several types of costs that should be noted on this page. Please be as accurate as possible, basing your information on the most up-to-date prices and amounts you can find. Include discounts in the prices. Prices for inputs may have to take seasonal swings into account. Adapt this form to your specific project needs.

TIE ALL EXPENSES TO ONE CYCLE OF PRODUCTION. In other words, for rent you may want to note the rent for six months, if that is how long it takes to complete one cycle. On the other hand, if a machine lasts for six months and the production cycle is only one month, then include one-sixth of the cost of the machine under Capital Costs.

COSTING WORKSHEET

COSTS INCURRED FOR ________ UNITS OF ________

RAW MATERIALS COSTS

Type Of Raw Material (Delivered to group)	Quantity	Cost Per Unit	Total Cost
1.			
2.			
3.			
4.			

LABOR COSTS

1. Training Materials			
2. UNSKILLED LABOR			
3. SKILLED LABOR			

ADMINISTRATIVE/OVERHEAD COSTS

1. Rent, Utilities			
2. Notebooks, pens, etc.			
3. Office materials (paper, copies, etc.)			
4. Other			

CAPITAL COSTS

1. Machine ________			
2. Machine ________			
3. Tool			
4. Supplies (Maint.)			
5. Repairs Likely			

MARKETING COSTS

1. Transportation			
2. Packaging Costs			
3. Visits to Customers			
4. Other Costs			

TOTAL COSTS PER ________ UNITS OF ________ == ☐

DIVIDE TOTAL COST OF PRODUCTION BY NUMBER OF UNITS. THIS IS THE MINIMUM PRICE PER UNIT TO BE SOLD. IS THIS PRICE ACCEPTABLE TO CONSUMERS?

SESSION 12: ROLES/RESPONSIBILITIES AND WORK PLANS

TIME: 2 HOURS, 20 MINUTES

RATIONALE:

All projects with which Peace Corps is involved stress the importance of involving the local group in design, implementation, monitoring and evaluation of the project. Emphasis is given to the goals of shared responsibility for the project and to building local capacity within the local group to plan and carry out similar projects in the future. One way in which to be certain that these goals are met is to clearly define who is responsible for what specific jobs within the project at its different stages of development.

In this session, the participants will focus on defining their own project roles, as well as those of the group. They will also practice negotiating responsibilities within the cross-cultural context.

OBJECTIVES:

1. To determine who will be responsible for different tasks within the project and develop a means of assigning responsibilities.

2. To practice negotiating roles and responsibilities within a specific cultural context.

TRAINER PREPARATION:

1. Develop a lecturette based on the points provided in the outline.

2. Familiarize yourself with the Handouts

3. Develop newsprint for the following items:

   - Session Objectives

   - Small Group task instructions

   - Comparing the Two Work Plan Styles

4. Find out more about the particular local cultural issues you should be aware of regarding negotiation and ways of reaching consensus within the culture.

MATERIALS:

1. Newsprint and markers
2. Paper and pens for participants

PARTICIPANT HANDOUTS:

1. **Roles and Responsibilities Chart**
2. **Two Styles of a Work Plan**

PROCEDURES:

Introduction: (5 Min)

1a. Introduce the session by pointing out that the term "Community Involvement" is frequently used in Peace Corps when referring to project design and implementation. Obviously, this does not mean that every member of the community will be involved in every step of the project from inception to evaluation. It is important to actually define what is meant by the term "community" in order to understand how the roles and responsibilities for the project can be effectively handled.

1b. Review the session objectives (already on newsprint) and clarify any questions the participants may have regarding them.

Defining the Community: (10 Min)

2a. Put the phrase "Community Involvement in a Project" on newsprint and ask the participants to define what it means. (Put the responses on newsprint.) Be sure that the various types of community members who might play a role in a project are included in the list.

TRAINER NOTES

Ensure that the following types of individuals are included in the list: **village leaders, project recipients, counterparts, line agency** personnel, technicians, Peace Corps volunteers, laborers, etc.

2b. Explain to the participants that one of the keys to successful implementation of a project is having a clear understanding of who is responsible for what tasks during the life of the project.

Explanation of the Responsibility Chart: (5 Min)

3. Introduce the "Responsibility Chart" as a way of helping everyone involved in the project agree on the roles and responsibilities for the various aspects of the project. Include the following points in the explanation:

   All the individuals involved in implementation of the project should be listed across the top of the chart, with a column for each. Reading across the rows shows how the various responsibilities for a single task/activity are shared among project pariticipants. This helps to clarify project authority and coordination needed to accomplish each activity.

   All of the tasks/activities should be listed down the side of the chart, with a line for each. Reading down the columns shows the total responsibilities for each person and amounts to a job description.

   A simple letter code can be used to show the level of responsibility each individual has for each task.

   EXAMPLE:
   A = Approve
   R = Responsible
   S = Supervise
   I = Must be Informed
   C = Consult with

Individual Work: (20 Min)

4. Have the participants complete the following task individually (already on newsprint):

   - Develop a list of all the major tasks involved in your project.
   - Assign each of the tasks to specific individuals and put them on a Responsibility Chart.
   - Be prepared to present your Responsibility Chart to the large group.

TRAINER NOTES

For individuals who are not far enough along in their project ideas, have them form pairs or small groups to work on a more developed project idea.

Responsibility Chart Presentations: (15 Min)

5. Have 2 - 3 participants present their Responsibility Charts to the large group for comments/critique. Encourage the critiquers to pay particular attention to the levels of responsibility individuals take on in the project.

Large Group Discussion: (10 Min)

6a. Lead a large group discussion of how the Responsibility Chart can be used in projects by asking the following questions:

What are the potential uses of a Responsibility Chart in a project?

What areas does it help to clarify?

Who should be involved in the development of such a chart?

6b. Point out to the participants that while a Responsibility Chart is useful in managing a project, it is effective only if developed within a specific cultural context. To illustrate this point, ask the participants if they have been in a situation in-country in which they thought someone had agreed to do something, only to find out that there was really no agreement from the other person's point of view. Solicit one or two examples.

6c. Point out that, unless a Volunteer is aware of how to negotiate properly within the culture, a project may never really get off the ground.

Obtaining Community Support: (5 Min)

7. Write the following phrase on newsprint: "Ways of Obtaining Agreement Within The Host Culture". Ask the participants to take five minutes to think about the cultural norms in their communities as they apply to negotiation and agreement to various roles and responsibilities within a project.

TRAINER NOTES

Devote sufficient time to the ways of obtaining agreement within the local culture as it may take the Volunteers a while to identify them. Some questions to prompt thinking include:

> **How are decisions made within the community?**
>
> **What verbal/non-verbal cues do you receive when people agree or disagree with you?**
>
> **What kinds of verification do you need of commitments you have received from people?**
>
> **How do you know if someone agrees with your ideas?**

Sharing of Individual Lists in Large Group: (10 Min)

8. **Ask for volunteers to share their lists with the large group. Lead a large group discussion of how income-generating projects can be affected if Volunteers are not aware of these cultural norms for negotiation and agreement. (Be sure that the Volunteer's role in the project is also mentioned at this point).**

Simulation on Negotiating: (20 Min)

9a. **Set up a 10-minute simulation of a Volunteer negotiating a project role with a local member. Stress that the simulation should include verbal and non-verbal means of expression. Have a Volunteer and a counterpart (preferably not his or her own) play the roles for this simulation.**

9b. Allow the simulation to proceed for 10 minutes, with the remaining participants observing the interaction for comments at its conclusion.

9c. Thank the role players at the end of the 10 minutes, and solicit their reactions to the simulation situation. Ask the following questions of each:

> Did the situation seem real? What were the difficulties in obtaining agreement?
>
> What kinds of verbal/non-verbal cues indicated lack of agreement? Agreement?

9d. Solicit comments from the observers regarding the simulation interactions, using the same questions as above to obtain any additional information the players may not have noticed. Ask the large group what follow-up steps would be necessary within the culture to ensure that the agreements reached were actually carried out.

Introduction of a Work Plan

10. Explain to the participants that once responsibilities for a project have been clarified, the next step is to develop a work plan which puts specific tasks on a time line. This tool can be used for planning a project and for monitoring continued member participation.

Large Group Review of the Work Plan Handout:

(20 Min)

11a. Hand out the page entitled "Two Styles of a Work Plan". Ask the participants to read over the examples, and think about the questions on the bottom of the sheet. Have these questions up on prepared newsprint as well, to be used in the discussion that follows.

11b. Lead a large group discussion of the work plans by asking the following questions:

- Which plan is more likely to be implemented? Why?
- Which plan lends itself more to a clear division of responsibilities?
- Which plan makes the expectations more clear for group member involvement?
- Which plan is easier to monitor? Which is easier to modify?
- Which plan is more likely to generate useful information for an Operating Budget, for overall project control?
- Which one is easier to draw up? WHY?

11c. Explain that the chicken coop example demonstrates a Work Plan for a new project. Work Plans can also prove a useful way in which to spread responsibilities to all group members on an ongoing basis.

Individual Work Plan Exercise: (15 Min)

12. Have the participants develop a tentative work plan for their projects, based on the roles and responsibilities chart done earlier. Indicate that they should presume that agreements have been reached on the chart.

Closing: (5 Min)

13. Close the session by reminding the participants that having clearly defined roles for the project participants from the start, and putting these responsibilities in writing, can save a lot of time and minimize confusion once the work has begun. Field any final questions on drawing up Work Plans, using the Responsibilities Chart, and Negotiating in the cultural context.

TRAINER NOTE ON EVALUATING A WORK PLAN

The following questions and areas should enable you to help the Volunteers and counterparts to evaluate the Work Plans for their specific projects during individual consultations.

1. **Does the Work Plan have the same name line after line?** This could mean that one person is being asked to do the majority of the work. This individual could beome disillusioned, pulling out and leaving no one ready to take his or her place. He/she could prove unwilling to train others in the technical areas of the project work, defeating one of the critical considerations in having a community project. Occasionally, the individual may decide that he/she is not getting enough out of the project directly for his/her time and work and may begin to take some of the profits, raw materials, supplies.

2. **Are there any activities that require the same skills or contacts?** For example, the group members who contact the wood and metal construction supply stores for the chicken coop project might prove to be the logical ones to make the actual purchase after others are involved in the purchase decision. Since they already know where the store is and the individuals involved, they may be in a position to make the purchase quickly and correctly.

3. **Are the times attached to specific activities realistic?** If the activity "Clear the Land" is given only three days and is likely to require a lot of coordination of the group members, is that realistic? If the activity has to be done during planting season, what are the implications for the number of days or weeks that have to be set aside to complete the task. The Work Plan should be based on realistic activity times, not on a few people's ideas of what would be ideal.

4. **Does the Work Plan for the future match the Operating Budget?** If the Operating Budget has vaccines being purchased in April, who will be making the trip to town to buy them? Who will be ready and available to apply them to the chickens? This comparison of the two tools could reveal some omissions.

5. **Training's Role in the Work Plan.** Is training included as a specific activity? Are the technical trainers available at that time? Training typically takes longer than project designers think. Is there flexibility built into the time-table of the project in case a few more sessions are needed?

Remind the participants, during individual consultations, that work plans should be completed with all group members present and actively involved since these represent serious time and work commitments on the part of individuals. Part of Community Development and institution building is getting individuals to be responsible for these decisions.

Session 12
Handout 1, p.1

RESPONSIBILITY CHART

	Individual Responsible							
Task/Activity								
148								149

CODE
R=Responsible To Do
S=Supervise
A=Approves
I=Is Informed
C=Consults

TWO STYLES OF A WORK PLAN

STYLE I:

What?	Who?	How Long?
Study the market	Everyone	1 week
Build a chicken house	Robert, John, Mary, Linda	5 weeks
Learn about chickens	Everyone	1 week
Buy chickens and feed	Robert, Carol, Edward, George	1 week
		8 weeks

STYLE II:

	What?	Who?	How Long?
1.	Interview consumers, stores	Robert, John, Jane	1 week
1.	Decide on design	General Meeting	1 week
2.	List materials needed	Carol, Mary, John	1 week
3.	Clear the land	Everyone	1 week
4.	Get 3 price estimates for construction materials	Edward, George, Al	1 week
5.	Purchase wood, nails	Etta, Al, Edward	1 week
5.	Buy metal roof sections	George, Al, Etta	1 week
5.	Collect technical information from veterinarian on chicken breeds, feed needs, growth rates, vaccines, etc.	Robert, John, Jane	1 week
6.	Short orientation on raising chickens/training	General classes	1 week
7.	Build chicken house	Everyone	2 weeks
8.	Inspect chicken house for leaks, structural problems	George, Al, Etta and Edward	1 week
8.	Get chick price estimates	Mary, Carol, Fred	1 week
8.	Get estimates on vaccines	Mary, Carol, Fred	1 week
9.	Purchase chicks, vaccines	Mary, Carol, Fred	1 week
			10 weeks

COMPARISON OF THE TWO STYLES OF A WORK PLAN

Think about the following questions after you have familiarized yourself with the Two Styles of a Work Plan. Remember that this is for a new project, still in the design stage. Ongoing project work plans will be discussed when Operating Budget development is introduced in a later session.

1. Which plan is more likely to be implemented? Why?
2. Which plan lends itself more to a clear division of responsibilities?
3. Which plan makes the expectations more clear for group member involvement? Do you think is important?
4. Which plan would be easier to monitor? And which would be easier to modify?
5. Which one is more likely to generate the useful information you need for future budgets, for overall project control?
6. Which one is easier to draw up? WHY?

Consider this: If you a member of this chicken project, and it was your first project involvement of any kind, would you prefer more or less direction for your part of the work? In other words, which of the styles would you rather face?

If your project is already underway, what was the planning process like for the group during the initial design stage?

SESSION 13: BUDGETING FOR SMALL PROJECTS

TIME: 4 HOURS

RATIONALE:

Accurate budgeting is a crucial element in all projects. It provides the essential backbone of the project by listing the resources involved, both those required to get the project underway and those needed as the effort progresses in the weeks and months that follow. During this session, the principles of initial and operating budgets will be presented, and participants will have an opportunity to apply them to their specific project needs.

OBJECTIVES:

1. To introduce the basic principles of budgeting as applied to small projects.
2. To develop and analyze initial budgets related to the projects of the participants.
3. To develop and analyze ongoing budgets related to the projects of the participants.
4. To explore the role of the Volunteer in development of initial and operating budgets.

TRAINER PREPARATION:

1. Review the session outline and develop the lecturettes on budgeting.
2. Read over the Budget Checklist pages, the Initial Budget and Operating Budget Examples.
3. Prepare processing questions.
4. Prepare newsprint for the following items:
    - session objectives
    - lecturette topics
    - the Initial Budget Format
    - the Operating Budget Format

MATERIALS:

1. Newsprint
2. Tape and magic markers

PARTICIPANTS HANDOUTS:

1. Jam Making Cooperative Initial Budget Example
2. Chicken Coop Operating Budget Example

PROCEDURES:

Introductory Statement: (5 Min)

1a. Go over the rationale for the session and the objectives, and clarify any questions the participants may have regarding them.

1b. Explain that the participants will need the costing and pricing information they have collected before and during the IST for this session on budgeting. Ask them to have this information available for the session.

Lecturette: (30 Min)

2a. Present a lecturette on the budgeting process in your own words, stressing the following points (already on newsprint):

a. Definition of "Budget" and "Budgeting"

A budget is a Plan for the Coordination of Resources and Expenditures.

"Budgeting" is the process of constructing such a plan.

"Plan" -- indicates that conscious decisions are being made in advance.

"Coordinating" -- indicates that several individuals and groups are involved.

"Resources and Expenditures" -- includes cash and in-kind contributions (sand, bricks, posts, etc.)

"Process" -- indicates that the plan evolves after visits to stores, discussions with technicians. It is rarely written in one meeting, and should involve several group members.

b. Kinds of Budgets

An Initial Budget includes all expenses incurred in setting up the project.

An Operating Budget includes all expenses incurred in setting up and maintaining a project. It tracks the production and marketing costs and compares them with sales revenues over time.

c. Warnings About Budget Preparation

If the budget is unclear, it can lead to confusion and endanger group cohesion.

There is a need to come to terms with inflationary trends before beginning to use the funds. Otherwise, the funds may not cover all the vital needs of the project. For this reason, many groups build in a cushion called "Inflation Factor", which should be dedicated to making up the difference between projected costs of equipment and materials and the actual cost when the purchase is finally made. It is not just a "slush fund" because it is only used for sudden project-related cost changes.

TRAINER NOTES

You may want to remind the participants that certain donors will not accept the use of an "Inflation Factor" in proposal budgets.

The budget should not be a "wish list". If an unrealistic budget is used, group members will not enter the project with realistic expectations. While it is tempting to "over-budget", especially when dealing with donor agencies, an unrealistic budget may force them to question the group's overall understanding of what is involved in the project.

The local group's input should be reasonable -- too small a contribution (in the form of funds, materials and labor) implies a lack of genuine commitment -- too large a commitment may imply a hollow promise. For many groups, donated labor and locally available materials may constitute the main contributions. Whenever possible, these should come from the local community.

Three written and dated price estimates should be obtained for equipment, tools, other major expenses (whenever possible) so that no one in the group can play "favorites" with enterprising relatives, at the expense of the group.

When outside groups offer to help in concrete ways (such as technical advice, cash, materials, lending a machine, etc.), don't settle for promises. The group should ask for written commitments so that everyone in the group knows exactly what has been promised and by whom.

Since consumers usually decide on a purchase based on both price and quality considerations, the price advantage gained through a donation may not be worth the possible sacrifice in quality. Additionally, there may be times when it is appropriate for a project to purchase used tools and equipment, or imported raw materials. Again, the decision should reflect the target market selected and the quality implications.

2d. Initial Budgets

(15 Min)

An Initial Budget should organize costs related to raw materials, tools and equipment, special expenses (licenses, fees, inspection costs), transportation of inputs, specialized labor costs. It should include detailed information on the local contributions as well.

The information is presented concisely and precisely.

Item	-- What machine, tool, raw material? -- What model, what size, what style? -- Includes transportation and installation at the site of the project
Quantity	-- How many will be needed to start? -- This would represent "real needs", not inflated figures to get extra funds -- Might include a few extra for breakage
Cost per Unit	-- Should be based on visits to three or more suppliers, if possible -- "Unit" can be defined as time, pounds, bottles, cans, baskets, etc.
Total Cost	-- Simply (Quantity X Cost per Unit)
Potential Source	-- If the producing group and others in the community are definitely unable to help with this need, who do you have in mind?

The physical format of the budget is as follows:

ITEM	QUANTITY	COST PER UNIT	TOTAL COST	POTENTIAL SOURCE

Hand out the Initial Project Budget for the Jam Making Cooperative to the participants. Review the headings and explain that "resource gaps" are identified in the budget (rows without "Potential Sources"). Mention that footnotes defend/clarify the budget on technical or economic grounds to the group members as well as to outside groups interested in participating in the project.

Ask for questions and observations related to the Jam Making Cooperative example. Explain that the next part of the session will be devoted to development of small project initial budgets based on information brought to the IST by some of the participants, using the same format.

Individual Project Development: (30 Min)

4a. **Have the participants work individually to develop initial budgets for their project ideas. Assign the following task (already on newsprint):**

> **Prepare a preliminary version of an Initial Budget for the project.**
>
> **Use the information on costs and prices collected during the visit to the market, and additional information found on the costing worksheets.**
>
> **Prepare a five-minute presentation for the large group based on the preliminary budget.**

TRAINER NOTES

For individuals whose projects are already in the operating stage, have them joing other participants who are developing initial budget.

The two-page "Budget Checklist" contains information that may be useful in the above exercise. It is also intended to assist with individual consultations on budgeting for specific projects.

Make yourself available for any questions or necessary assistance during this exercise.

Individual Presentations: (15 Min)

5. Reconvene the participants and have volunteers present their initial budgets to the large group for comments and critique.

Large Group Discussion: (10 Min)

6. Lead a large group discussion on the process of developing an Initial Project Budget, by asking the following questions:

Was the development of an initial project budget an easy/difficult task? Why?

What additional information would you want to have before finalizing this budget?

What dangers are there in assigning the development of a project budget to one individual, or doing it yourself?

What are the advantages in having a group work on the development of the project budget? Are there any difficulties associated with this method?

How can project participants be motivated to budget?

Closing: (5 Min)

7a. Remind the participants that there will be time available for individual project consultations on developing initial project budgets. Ask those interested to schedule time for the consultation, and to provide a copy of the preliminary budget beforehand.

7b. Review the objectives pertaining to this part of the session to see if they have been met. Link to the next part of the session by explaining that Operating Budgets incorporate the information from Initial Budgets into a tool that can help a project manage cash flow and plan for recurrent expenses.

BREAK (15 Min)

Lecturette/Discussion: (15 Min)

8a. Reconvene the participants and introduce Operating Budgets by explaining that budgeting can help ongoing, as well as new, projects.

8b. Present a lecturette in your own words, stressing the following points:

a. Operating Budgets can serve several purposes:

To plan a cash-flow projection, so it can estimate when money will be spent or brought in on a regular (weekly, monthly) basis.

To compare profit potential for various production technique alternatives.

To monitor the efficiency and profitability of ongoing projects and suggest cost control options.

To help with financing decisions.

To allocate different responsibilities of a project, by showing the tasks as they are required over time.

b. Information required by an Operating Budget:

All initial cash outlays (equipment, tools, raw materials, installation costs, etc.).

Maintenance, recurrent costs (amounts, timing, etc.).

Information on level of production, likely level of demand, likely sales prices.

Starting cash available.

Large Group Discussion: (10 Min)

9a. Hand out the "Chicken Coop Operating Budget" example to the participants. Review the budget (based on the information provided in "Operating Budget Interpretation") and answer any questions the participants may have regarding the example.

9b. Explain to the participants that the next exercise will give them an opportunity to work with the Operating Budget format individually, based on information they have collected for their specific projects.

Individual Operating Budget Development: (45 Min)

10a. Have the participants develop a preliminary version of an Operating Budget for their projects on an individual basis. Mention that you will be available for consultation during the time set aside for this exercise.

10b. Explain that the budget should be done in such a way that they could explain it to someone else for comments and additional ideas.

Pairs Exchange: (20 Min)

11a. Have the participants form pairs and present the Operating Budgets to each other for comments and critiques. Remind them to focus on the costs and price assumptions and the mathematics.

11b. Ask the pairs to come up with a list of ways in which the profitability of the projects could be improved, based on the information available in the Operating Budget. Ask them to prepare the list for presentation to the group.

Pairs Presentations: (10 Min)

12. Have several of the pairs present their lists of ways to make the projects more profitable. Ask for comments and critiques from the large group.

TRAINER NOTES

Included in the lists could be the following:

- making quantity purchases of supplies, materials;
- diversifying production to take advantage of the assets during off-season periods;
- checking alternative sources of supply;
- checking alternative sources of credit;

Large Group Discussion: (10 Min)

13. Reconvene the participants and lead a large group discussion based on the following questions:

Was the Operating Budget a difficult tool to construct? Why or why not?

How much confidence do you have in the results? Which sources of information would you want to confirm?

What are the hidden economic and non-economic benefits that participants could derive from this project?

Closing: (5 Min)

14a. Remind the participants that there will be time available for individual consultations on specific projects on both initial budgets and operating budgets.

14b. Close the session on budgeting by asking for any final questions or observations. Point out that the next sessions will focus on the development of a record keeping system for projects---thereby enabling the group to monitor its expenditures.

NOTE TO TRAINER ON OPERATING BUDGET REVIEW

In reviewing the Operating Budgets for the specific projects during individual consultations, keep the following questions and observations points in mind.

1. Has the right time frame been chosen?

   If the project's productive cycle lasts for three or four months, a monthly review of recurrent costs might not present the activities and expenses tied to them in enough detail. Also, since the Operating Budget can serve as a warning of activities and expenses that hve been overlooked, it will be important to have sufficient detail to alert project participants of upcoming problems and cash needs while there is still time to take action.

2. How have capital costs been handled?

   If the Operating Budget is going to use depreciation (taking a little each month to cover the deterioration of the machinery over time), then there needs to be some basic understanding among all group members of what that expense is, and how it can be translated into group savings to cover the cost of future equipment purchases.

   If depreciation is not used, then a savings plan has to be constructed that fits the cash flow of the project as indicated by the Operating Budget, to cover future equipment purchases.

3. Are all relevant costs included in the Operating Budget?

   Try to think of some production, marketing and administrative costs that may have been overlooked. It will rarely be the case that the Volunteer and counterpart will think of all the costs involved in the project on their first attempt. Make sure that this is presented in a constructive way, and remember to encourage them to make the necessary changes themselves.

4. Are all the relevant Revenues included?

   Ask if there aren't some hidden revenues from the project that are not included in the revenue section of the chart. This could have a decisive influence on the profitability of the project. Also, this is a good time to have them think of the waste and byproducts from their project, and ways in which these could become new sources of income for the group.

5. Check the Math!

   This tool of financial control and cash flow analysis is only valuable if the arithmetic is right (or at least close). Otherwise, it can misrepresent what is going on in the project, and cause a great deal of confusion, leaving the group open to surprises as well.

NOTES ON INTERPRETATION OF THE OPERATING BUDGET

The following points are meant as an explanatory guide regarding the Chicken Coop Operating Budget example presented in this session.

1. The depreciation of the equipment is handled by charging the project $3.00 per period. This takes into account the slow but steady deterioration of the equipment and tools of the project. This line is not meant to take the place of some form of regular savings so that new purchases can be made.

2. Some operating costs occur only once, while others are recurrent during the life of the project. The kerosene fuel is a one-time cost, while vaccines are purchased in Months 1, 2, 3 and 8 of the project. Marketing Costs are negligible until eggs and marketable chickens are produced beginning in Month 8, and become a part of the budget from that time on.

3. The operating budget's revenues section shows that the sale of eggs begins in Month 5. Based on the marketing costs mentioned above, it appears that a local market is absorbing the egg production in the early stages of the project. Also, the revenues show that a few of the chickens are "culled" in Months 6, 8, 11, and 12, to supply an intermediary revenue source.

4. The results of the project for the first 14 months are not promising. The revenues for chicken sales ($492) are not sufficient to cover the initial and ongoing investments involved.

5. This does not mean that the farmer should necessarily abandon the project. It does mean that at current prices, facing the costs assumed in the operating budget, this technique is not profitable. The farmer may want to check out some alternatives, including the following:

   - alternative sources of supplies (affecting costs)
   - different breeds of chicken (affecting costs and prices)
   - donations of construction materials and kerosene
   - different production techniques (affecting costs)

BUDGET CHECKLIST

The following questions are intended to help the trainer with analysis of the individual project initial budgets. While each project will have its own series of personalities and special characteristics, which will affect the chances for success, remind the Volunteers and counterparts that the budgeting process is a good place to begin dealing with some of the central issues that face any project, large or small, new or ongoing.

1. Check the CONCEPT behind the project to see if the budget addresses the same issues as the project, or whether the way the money will be allocated takes the project in a different direction. Ask questions like the following:
    - Does the project have an immediate link with the centralproblem?
    - Does the budget represent the most cost-effective way?
    - Have you considered alternative budgets, or was this the first one you drew up?
    - How do neighboring communities with the same problem take care of it?

2. Check the budget from the viewpoint of what it says about SCALE.
    - Does the number of people involved directly in the project correspond to the number of people who will be called on to do the work regularly?
    - Is more than one person already familiar with the technology that will be used?
    - Will so much of the final product be produced during the early stages of the project that selling them will become a problem?
    - Does anyone in the group know how to make simple repairs for the machinery/equipment that will be used?
    - Will this be a "large" project for the community when it begins?

3. Make sure the budget does not ask for such a large sacrifice on the part of the local group/individual that the RISKS to them become unacceptable.
    - Are the chances of "success" (in economic, productive, other physical terms that are relevant to those involved) smaller than other projects and activities in which they are involved?
    - Has the entire group been confronted with what their share of the budget (their contribution) will be, and what the chances are that they will not see any return on it for a certain number of weeks, months, etc.?
    - How much worse off will they be if the project fails? (And what could they have done with the lost investment?) -- This is called the individual's OPPORTUNITY COST FOR THE PROJECT.

4. The budget will tell you the sources of INPUTS for the project. This should lead to some of the following questions:

   - How important are the inputs that are coming from sources other than local and community sources?
   - Which of the inputs are made in other countries and are being imported? (It doesn't matter if the group itself is planning on doing the importing, or whether someone in a nearby town or city is doing it).
   - How difficult is it to get spare parts for all the equipment and machinery to be used? Do members of the group already know where to get the spare parts?
   - Are the spare parts and maintenance expenses high for the equipment chosen for the project?

5. While the Work Plan will tell more about the TIME needs of the project, it is another element of project planning that is hinted at through the budget and this might be a good time to investigate a little.

   - How much is required to buy all the inputs and have them in place?
   - If only some parts of the budget can be covered in the short term, which items would be the priority items to get underway?
   - Will raw materials bought before production starts be stored in a place that is safe, clean, secure?

6. Check the budget for MAGIC NUMBERS and MISSING ELEMENTS. "Magic Numbers" like 50, 100, 200 often imply that a group, or whoever wrote up the budget, is simply asking for what they think might be sufficient to do the job. The following questions will get the Volunteer and counterpart to think along these lines.

   - How did the budget writer decide on the number to be used?
   - Does the number in the budget include a reasonable cushion for breakage in transport, losses due to problems in storage, losses due to poorer than expected quality?
   - What are the technical plans (blueprints, basic design notes) that support the number indicated in the budget line?

7. It will be important ask questions about the most expensive or most difficult things to purchase, deliver, install and operate. Ask questions about the ease of TRAINING. Be sure that the Volunteer and counterpart have thought through the most expensive and difficult purchases, and understand the implications of the choices indicated in the budget.

   - How easy will it be to train a few people to use (MACHINE X)?
   - Who will do the training, and does this imply any costs not included already in the budget?

INITIAL BUDGET FOR FRUIT JAM-MAKING COOPERATIVE

ITEM	QUANTITY	COST PER UNIT	TOTAL COST	POTENTIAL SOURCE
Rent (workshop)	12 Months	$10.00/Month	$ 120.00	Group
Lights	12 Months	1.00/Month	12.00	Group
Large Pot	3	12.00	36.00	
Cooking Utensils (peeler, spoons)	various	---	15.00	
Labels	400	6.00/100 labels	24.00	Group
Glue for labels	4 bottles	1.00/bottle	4.00	Group
*Jars (delivered to workshop)	410	40.00/100 jars	160.00	Group
2-Burner Gas Stove and tank	1	35.00	35.00	Group
**Sugar	25 pounds	0.40/pound	10.00	Group
Apples	40 baskets	5.00/basket	200.00	
Pears	40 baskets	4.00/basket	160.00	
***Health Ministry Inspection	2 visits	15.00/visit	30.00	Group
Notebooks, pens, pencils	various	---	10.00	Group
Delivery to store	4 trips	4.00/trip	16.00	Group
Other Ingredients (pectin, wax)	various	---	10.00	Group
		SUBTOTAL	$ 842.00	
LABOR (SEE WORK PLAN)	150 days	$ 1.50/day	225.00	Group
		TOTAL	$ 1067.00	(100%)
	TOTAL COVERED BY GROUP		$ 656.00	(%)

FOOTNOTES

* 10 jars will be provided at no charge, due to size of the order.

** This expense will be covered by a donation by the local church.

*** Without these inspections, no sales can be made to the public.

CHICKEN COOP OPERATING BUDGET/CASH FLOW

	MONTHS													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
DEPRECIATION OF INITIAL COSTS (Coop construction, feeders, etc.)	3	3	3	3	3	3	3	3	3	3	3	3	3	3
OPERATING COSTS														
Litter	5													
Kerosene fuel	3	3	3											
Vaccines	10	10	10					10						
Feed	70	175	175	180	180	180	210	240	270	270	270	270	270	270
Chicks	110													
TOTAL OPERATING COSTS														
Transportation/ Marketing costs	0	0	0					20	25	25	30	30	35	35
TOTAL COSTS	201	191	181	193	183	183	213	273	298	298	303	303	308	308
REVENUES														
Sale of eggs	0	0	0	0	60	90	150	180	225	225	240	225	210	150
Sale of chickens	0	0	0	0	0	5	0	6	0	0	8	16	80	650
TOTAL RETURNS	0	0	0	0	60	95	150	186	225	255	248	241	290	800
TOTAL MONTHLY REVENUES/COSTS Net Profit (Loss)	(201)	(191)	(181)	(193)	(123)	(78)	(63)	(91)	(73)	(43)	(55)	(62)	(18)	492
TOTAL PROJECT REVENUES/COSTS Cumulative Profit/Loss	(201)	(392)	(573)	(766)	(889)	(967)	(1030)	(1121)	(1194)	(1237)	(1292)	(1354)	(1372)	(880)

SESSION 14: OVERVIEW OF RECORD SYSTEMS/CASH BOOK

TIME: 3 HOURS

RATIONALE:

This session will focus on the development of basic skills in preparing and utilizing simple records to keep track of cash within a project. The overall process of utilizing these records will be geared to the final result of business systems---the preparation of profit and loss statements, the balance sheet, and cash flow projections.

OBJECTIVES:

1. To understand the rationale behind the use of different types of record-keeping processes in the management of a business or project.

2. To practice utilizing' and interpreting the Cash Book as it applies to a business or project.

3. To review 4 methods of measuring business activity and efficiency.

TRAINER PREPARATION:

1. Obtain as much information as possible on the cash book systems which may be used in the local community to make the presentation of the material relevant to local conditions.

2. Review the "Paper Products Store" problem and solution sheets to ensure comprehension and ability to explain it to the participants, if necessary. Change the store owner's name to fit the local culture.

3. Prepare newsprint for the following items:

   - session objectives
   - lecturette main points
   - types of accounting terms
   - Cash In Page
   - Cash Summary Sheet
   - Small group instructions
   - Four ways of measuring business activity

MATERIALS:

1. Newsprint and magic markers
2. Pens and paper for the trainees

PARTICIPANT HANDOUTS:

1. Cash In/Cash Out Sheets
2. Cash Summary Sheet
3. Store example

PROCEDURES:

Introductory Statement:

(5 Min)

1a. Introduce the session by explaining to the participants that this session will give an overview of essential record keeping systems for an SED project, and will concentrate on one particular type---cash control.

1b. Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.

Lecturette/Discussion on Record Types:

(20 Min)

2a. Deliver a lecturette on the types of records small business groups need, stressing the following points:

a) Business groups need two types of records:

- "stock records--measuring where the group is at the moment the records are analyzed. "Stock" includes a balance sheet with currently held assets and debts, receipts that show single transactions, and petty cash.
- "flow" records--measuring changes over a period of time. "Flow" includes an income statement and the operating budget, when used as a monitoring tool.

b) Technical terms in accounting often discourage the client because they make simple concepts seem confusing. Wherever possible, it is best to avoid business jargon and stay with simple usages.

2b. Ask the participants to define the following accounting terms simply, in the host country language if possible. (Have the terms on newsprint):

liabilities: (the debts the business or group has).

capital: (the things the business or group owns entirely (no debts still to be paid).

petty cash box: (where the coins and small bills are kept for small daily expenses).

inventory: (the raw materials and products that aren't finished yet). (There is a separate inventory for finished products ready to be sold).

accounts: (ways in which different kinds of expenses are separated for analysis).

assets: (the machines, equipment, cash, and other physical things the business owns or controls).

TRAINER NOTES

Point out the following to the group before continuing with the lecturette:

In a later session, recordkeeping ideas for non-literates will be discussed. You will be responsible for matching the materials presented now with the needs of specific clients. There will be trade-offs between the completeness you may seek for analysis and the client's willingness or ability to complete the forms.

This session will present ideas that are more appropriate for the very small business person or the productive small group/co-op. If your job assignment is with a larger group or more advanced level of small business, you may find that record systems are already in place. However, they can still be streamlined to be more valuable, so understanding the basic concepts and underlying reasons for certain records will still be important for you as a consultant.

(20 Min)

Daily Transaction System:

3a. Explain to the participants that a simple daily transaction system includes the following components: cash sales/expenses for the day, non-cash sales/expenses for the day; a summarization of them to know the cash balance and to detect positive/negative trends. The first step in doing this is to accumulate all the cash information. This can best be accomplished by having a notebook devoted to cash in/cash out, and cash summary pages.

Following are 2 sample pages of the notebook (already on newsprint):

CASH IN PAGE

Date	Cash Sale	Amount Taken In	Notes
Total for (DATE)		$__________	
Signature of Person Writing on this page _______________			

CASH OUT PAGE

Date	Cash Expense	Amount Spent	Notes
Total for (DATE)		$_________	
Signature of Person Writing on this page _______________			

3b. Ask the participants the following questions related to the "Cash In" and "Cash Out" forms just introduced:

What is the purpose of including a SIGNATURE as part of these pages? (To ensure the accountability of the person maintaining the records).

Why is it useful to have a section labeled NOTES? (To include any information directly related to the transaction which might have future use---a receipt, for example).

Cash Summary Sheet: (20 Min)

4. Present the Cash Summary sheet handout to the participants, pointing out that the information in the first two sheets is useful only in that it provides a basis for analysis. The Cash Summary sheet allows for a comparison of cash inflows and cash expenditures over a given period of time. This summary information provides an up-to-date accounting of cash flow and balance.

CASH SUMMARY SHEET

CASH IN		CASH OUT	
Total 1st Day	________	Total 1st Day	________
2nd Day	________	2nd Day	________
3rd Day	________	3rd Day	________
4th Day	________	4th Day	________
5th Day	________	5th Day	________
6th Day	________	6th Day	________
7th Day	________	7th Day	________
TOTAL CASH IN FOR PERIOD	________	TOTAL CASH OUT FOR PERIOD	________

Cash From Previous Period ________
Total Cash In For Period + ________
Subtotal ________

Total Cash Out for Period - ________

CASH BALANCE, END OF PERIOD ________

Pair Exercise on Cash Transactions: (30 Min)

5. Divide the participants into pairs for the following task (already written on newsprint:

> Review the transactions for the handout out on Ahmed/Juan/Robert's paper products store (name to be chosen based on appropriatness for the host culture).
>
> Fill in the "Cash In", "Cash Out", and "Cash Summary" sheets for the store.
>
> Put your three sheets on newsprint for review by the entire group.

Small Group Presentations: (15 Min)

6. Reconvene the participants and have one group present its "Cash In" analysis, one present its "Cash Out," and one present its "Cash Summary". Allow for comments/critiques from the large group.

Large Group Discussion: (30 Min)

7a. Ask the participants to review the store information again, including the fact sheets and their cash sheets. Have them share their observations about the way the store is being run from a cash management viewpoint, including possible causes and implications.

TRAINER NOTES

Observations:

1. He is not matching purchases to sales, so he could run out of items he knows are selling.
2. He is buying in very small amounts.
3. It is likely he is writing everything down, since he noted the sale of two pens on July 8.
4. It is important to note that the School Administrator bought a lot of paper on July 2.
5. It is noteworthy that a teacher purchased a lot of Quality B paper on July 8.
6. Although there were no sales of comic books during the week, he bought more on July 8.

Possible Causes:

1. The first observation could be due to the store owner's intuitive decisions on what to buy and the amount to purchase. It would be better to react to demonstrated demand for products.
2. He may be buying small amounts due to limited inventory space, or because it's his custom.
3. The owner may be writing everything down because he trusts the consultant or because he understands the potential benefits.
4. The store owner may be surprised to learn that the School Administrator is purchasing a large amount of paper for her work. The reasons for the purchase could lead to additional sales.
5. The fifth observation above could be important because it could be tied to the teacher's special projects or to regular needs for that quality of paper.
6. The store owner may enjoy reading comic books.

(continued on next page)

TRAINER NOTES (continued)

Possible Implications:

1. He could be wasting time with products that are not selling.
2. He might be wasting time, maybe even losing quantity discounts by not making larger orders. On the other hand, he may be using limited space efficiently.
3. The likelihood that he is keeping good records goes up.
4. The store owner could to deliver the paper to the School Administrator to develop a more personal relationship. He may want to offer quantity discounts to encourage large purchases and may want to consider adjusting his product line to match the future needs of the school.
5. He could talk to other teachers about his products and their need for materials.
6. He may be confusing the store's needs with his own.

7b. Ask the participants the following questions to help clarify the importance of the cash book:

Did you find it surprising how much information is contained in a Cash Book?

How might this be applicable to your project?

While it is clear that the store owner should have $47.70 in cash at the end of the period, in reality he only has $42.00. What could account for the discrepancy?

TRAINER NOTES

Included in the answer to the last question could be the following points:

mishandled money in a purchase or sale
did not note down single-item sales and purchases
did not note personal use of cash
gave gifts to friends, etc.
paid off debts without noting them down

Lecturette/Discussion on Measurement of Business Activity:

(30 Min)

8a. Explain to the participants that there are four important ways to measure a business activity. Included are the following (already on newsprint):

Liquidity -- having cash on hand when you need it.
Activity -- the turnover rate for your product; how much of your product you sell in a given time period.
Leverage -- how well you make use of other people's money.
Profitability -- Making enough money from sales to cover your expenses, buy more raw materials, replace new machines when you need them and still have enough left to pay off investors and management.

8b. Ask the trainees how these considerations are linked to each other. Give the following example for liquidity and have them give examples for activity, leverage, and profitability:

If you don't have enough cash on hand, you could lose sales by being unable to make change; If you don't have enough cash on hand, you might miss an opportunity to buy some raw materials at a very favorable price, and thereby increase your production. Therefore, Liquidity (Cash on hand when you need it) can affect Profitability, and is related to Activity.

8c. Ask the participants to return to the newsprint on the store and ask them the following question:

"Is the store vulnerable in any of these four areas?"

TRAINER NOTES

Included in the list of possible responses are the following:

Liquidity -- appears to be safe, since his daily cash on hand never sinks below a level of $22.00.

Activity -- Appears to be low; could be due to poor product choices or poor marketing practices; He buys a lot of inventory but doesn't sell very much in any one day.

Leverage -- We can't say -- appears that he only buys and sells on cash.

Profitability -- questionable -- What about non-cash activities???

Closing: (5 Min)

9. Explain to the participants that the main focus of this session has been on cash transactions. Obviously, every transaction is not conducted in cash. During the next session, the focus will be on the non-cash activities in which a project may become involved.

TRAINER SOLUTION SHEET FOR HANDOUT ON JUAN'S STORE

The following Cash In and Cash Out records make up the solution to the problem of Juan's cash sales and cash expenses for the week in July. It might prove useful to have this on a prepared newsprint for a quick review of what the record should look like.

CASH IN

Date	Cash Sale	Amount Taken In	Notes
July 2	10 reams of Quality A	$ 30.00	School admin.
July 2	2 50-pg notebooks	1.00	
July 5	2 reams Quality B	3.00	Teacher
July 6	4 100-pg notebooks	3.20	
July 6	3 school bags	18.00	
July 7	8 reams Quality B	12.00	
July 8	2 pens	1.50	
July 8	4 reams Quality B	5.00	Teacher
July 8	5 magazines	5.00	
TOTAL CASH IN FOR PERIOD		$ 79.70	

CASH OUT

Date	Cash Expense	Amount Spent	Notes
July 2	15 100-pg notebooks	9.00	
July 2	20 50-pg notebooks	6.00	
July 5	6 reams Quality A	12.00	
July 5	30 pens	15.00	
July 7	3 school bags	12.00	
July 7	4 pens	2.00	
July 8	2 magazines	1.20	
July 8	6 comic books	4.80	
TOTAL CASH OUT FOR PERIOD		$ 62.00	

CASH SUMMARY SHEET

Cash In			Cash Out	
July 2	31.00		July 2	15.00
July 5	3.00		July 5	27.00
July 6	21.20		July 6	---
July 7	12.00		July 7	14.00
July 8	12.50		July 8	6.00
TOTAL CASH IN		79.70	TOTAL CASH OUT	62.00

Cash From Previous Period	$ 30.00	
Total Cash In	79.70	
TOTAL AVAILABLE		109.70
Total Cash Out		62.00
CASH END OF PERIOD		47.70

CASH SUMMARY SHEET

CASH IN			**CASH OUT**		
Total	1st Day	_____	**Total**	1st Day	_____
	2nd Day	_____		2nd Day	_____
	3rd Day	_____		3rd Day	_____
	4th Day	_____		4th Day	_____
	5th Day	_____		5th Day	_____
	6th Day	_____		6th Day	_____
	7th Day	_____		7th Day	_____
TOTAL CASH IN FOR THE PERIOD		_____	TOTAL CASH OUT FOR THE PERIOD		_____

Cash From Previous Period _________
Total Cash In for Period + _________

SUBTOTAL _________

Total Cash Out for Period - _________

CASH BALANCE, END OF PERIOD _________

SIGNATURE ______________________

(Note: The period can be defined as the group decides. In the case of Juan's store, it seems reasonable to do a weekly summary.)

STORE EXAMPLE

Juan runs a paper products store near the town high school. He sells pencils, erasers, notebooks, reams of paper, magazines, comic books, pens and school bags. Here is a summary of the costs he faces and the prices he charges for the various products in his store.

COST HE PAYS		PRICE HE CHARGES	
Notebook (100 pgs)	$ .60	Notebook (100 pgs)	$ .80
(50 pgs)	.30	(50 pgs)	.50
Paper (Quality A ream)	2.00	Paper (Quality A)	3.00
(Quality B ream)	.80	(Quality B)	1.50
pen	.50	pen	.75
school bag	4.00	school bag	6.00
comic book	.80	comic book	.80
magazine	.60	magazine	1.00
pencil	.15	pencil	.20
eraser	.05	eraser	.05

The following are the transactions that took place during the first week of July at Juan's store. He has been trained in how to use the cash management system, and this is his first effort to do it alone.

July 2	Juan bought 15 100-pg notebooks Juan bought 20 50-pg notebooks Juan sold 10 reams of Quality A paper to the school administrator He sold 2 50-pg notebooks
July 5	He sold 2 reams of Quality B paper to Mrs. Vela, a teacher Juan bought 6 reams of Quality A paper He bought 30 pens
July 6	Juan sold 4 100-pg notebooks He sold three school bags
July 7	Juan bought 8 reams of Quality B paper He sold 4 pens and 3 school bags
July 8	He bought 2 magazines Juan sold 4 reams of Quality B paper and five magazines He bought 6 comic books He sold two pens

CASH IN SHEET

PERIOD ______________

Date	Item Sold	Amount Taken In	Notes

TOTAL CASH IN FOR PERIOD ______________

SIGNATURE ______________________

CASH OUT SHEET

PERIOD ____________

Date	Item Purchased	Amount Paid	Notes

TOTAL CASH OUT FOR THE PERIOD _______

SESSION 15: NON-CASH RECORD KEEPING

TIME: 1 HOUR

RATIONALE:

To further continue the process of accurate record keeping, the participants will focus on the types of non-cash record keeping that are essential for projects. Included will be accounts receivable and accounts payable.

OBJECTIVES:

1. To understand the rationale behind keeping non-cash records in a project.
2. To practice utilizing record keeping systems such as accounts receivable and accounts payable.
3. To discuss the appropriateness of the above records within the local culture.

TRAINER PREPARATION:

1. Familiarize yourself with the following handouts before the session:
    - accounts receivable/payable handout for Juan's store
    - lecturette points
2. Prepare newsprint for the following items:
    - session objectives
    - lecturette/discussion main points
3. Obtain any relevant host-country data related to accounts receivable, accounts payable, and balance sheets from the local staff or business owners.
4. Find out if there is local accounting terminology and incorporate it into the session.

MATERIALS:

1. Paper and pens
2. Newsprint and magic markers

PARTICIPANT HANDOUTS:

1. Accounts Receivable/Payable Handout

PROCEDURES:

Introductory Statement:

(5 Min)

1a. Introduce the session by pointing out to the participants that projects do not always function strictly on a cash basis. A lot of transactions involve the use of credit, and it is essential for a project manager to keep an accurate record of non-cash transactions to ensure payments.

1b. Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.

Lecturette/Discussion:

(15 Min)

2a. Deliver a brief lecturette on accounts payable/receivable systems, stressing the following points:

Accounts Receivable - how much individual buyers owe the project.

Accounts Payable - how much the project owes suppliers

2b. Ask the participants what type of information should be included in a simple Accounts Receivable record. (Be sure the following is mentioned: Name, Item Purchased, Amount, Date of Sale, Paid=X.) Put the information on newsprint as it would appear on an Accounts Receivable page.

2c. Point out to the participants that putting the Accounts Payable information on a schedule in addition to the ledger can be very helpful for the following reasons:

- Everyone in the group knows what is owed, and does not think money is simply disappearing periodically.

- The group can arrange an appropriate savings system to prepare for up-coming needs.
- Decisions on borrowing money, using credit to make purchases, etc. can take existing obligations into account
- Accounts payable is really part of the use of other people's money for a short time, and the reputation of the group and its future ability to use credit are on the line every time they use it.

Large Group Brainstorming: (15 Min)

3a. Point out to the participants that the risks of offering credit to customers is great, but so are the advantages. Ask the participants to develop a list of the advantages and disadvantages of extending credit. Put the list on newsprint.

TRAINER NOTES

Advantages: builds customer loyalty; enables the business to sell more; assists groups with undependable incomes/cash flow problems; increases turnover; gives the producer a favorable competitive stance.

Disadvantages: involves maintenance of records; ties up money which could be used for purchases or other needs; may result in bad debts; may force the business to seek credit also.

3b. Point out that the type of product involved in a sale may determine whether or not a group can afford, or needs to, extend credit. For example:

Large, valuable goods such as desks, chairs and appliances may be beyond the reach of many consumers if credit is not offered to them.

Food and small items that are consumed rapidly and do not require much money to begin with are best sold for cash only. If credit is offered to "best customers" for goodwill reasons, limits should be informally established and formally applied.

Some items, such as liquor, are best sold for cash only, as the memory of the obligation to pay is often forgotten

3c. Ask the participants to consider the following areas, and have a participant note the ideas on newsprint:

- the characteristics of a credit policy
- what can be done if someone does not pay
- methods for avoiding bad debts

TRAINER NOTES

Included in the responses should be:

Characteristics: the amount of credit allowed; credit for which products (maybe exclude liquor, etc.); how long the credit lasts before a partial or complete payment is due; what will happen if not paid; which clients are entitled, which are not offered credit.

No Payment: send an informal note reminding the client of the debt due; telephone him/her to ask for payment; remind them when they come into the store; use informal systems of communications (extended family); find a lawyer to send a formal piece of paper.

Methods of Avoiding Bad Debts: keep good records and review them frequently; limit the amount of credit offered a client at first -- if he or she proves to be reliable, it can be increased; select credit customers carefully; take immediate action as soon as debt is overdue.

5a. Explain that the participants will now have an opportunity to apply the non-cash record keeping system to a practical example. (20 Min)

5b. Pass out the handout, "An Example of Accounts Receivable and Payable" and assign the following task (already on newsprint):

> Read the handout, paying particular attention to the limits on his credit and the limits he sets on customer credit.
>
> Complete the accounts payable and accounts receivable records for the end of March.
>
> Determine whether the credit policies of the store and the suppliers are being followed in practice.

Large Group Discussion: (10 Min)

6. Lead a large-group discussion about Juan's store and the practical application of credit policies, by asking the following questions:

   What conclusions did you draw about Juan's credit policy and its application?

   Did the accounts payable/receivable records provide data a group might not realize otherwise? What impact does it have?

   What does this tell you about setting up your own credit policies for your projects?

Closing: (5 Min)

7. Close the session by checking to make sure the objectives for the session have been met. Tell the participants that the next session will focus on income statements, which help a group determine the project's overall profitability.

AN EXAMPLE OF ACCOUNTS RECEIVABLE AND PAYABLE

Juan's paper products store began buying and selling on credit in March. Juan believes that buying on credit makes sense, because he can buy more supplies for the shelves of the store without using a lot of cash. He understands the importance of organizing the payments he needs to make for the purchases, so that suppliers will give him additional credit in the future.

At the same time, Juan thinks it is a good idea to offer credit to his best clients, as long as limits are set for each of them. He understands the need for a system to organize how much each client owes the store, so that he will know when to remind them to make at least a partial payment.

Given these decisions by Juan, it becomes important to implement an Accounts Payable and Receivable system. The following lists are Juan's purchases and sales on credit during the month of March.

CREDIT PURCHASES

Paper (Quality A)	5 reams, $3.00 each	March 5	Store X
Paper (Quality B)	3 reams, $1.50 each	March 9	Store X
Magazines	6 at $1.00 each	March 16	Store A
Notebooks (100 pg)	4 at $1.00 each	March 12	Shop Y
Pens	10 at $0.50 each	March 10	Store A
Notebooks (50 pg)	4 at $0.30 each	March 22	Shop Y
Paper (Quality B)	2 reams at $1.50	March 28	Store X

CREDIT SALES

Paper (Quality B)	5 reams, $3.00 each	March 3	Jones
Notebooks (50 pg)	4 at $1.50 each	March 7	Rogers
Paper (Quality A)	2 reams, $4.50 each	March 12	Smith
Pens	14 at $0.60 each	March 15	Jones
Magazines	6 at $1.25 each	March 20	School
Notebooks (50 pg)	3 at $1.50 each	March 27	Smith

LIMITS TO JUAN'S CREDIT

Store X will let him charge purchases up to $20.00 for periods of up to one month.
Store A will allow Juan to charge purchases up to $16.00
Shop Y will permit him to charge up to $18.00 in materials.

LIMITS JUAN SETS ON CUSTOMERS

Mrs. Jones can charge up to $25.00 for up to one month's time.
Mr. Rogers can charge purchases up to $10.00 for up to one month.
Mrs. Smith can charge up to $20.00 for up to one month's time.
The School can charge up to $35.00 for up to one month's time.

JUAN'S ACCOUNTS PAYABLE SITUATION -- END OF MARCH

Name of Store	Items	Amount	Date	Paid = X

JUAN'S ACCOUNTS RECEIVABLE SITUATION -- END OF MARCH

Customer	Items	Amount	Date	Paid = X

JUAN'S ACCOUNTS PAYABLE SITUATION -- END OF MARCH

Name of Store	Items	Amount	Date	Paid = X
Store X	5 Paper (A)	$15.00	5th	
	3 Paper (B)	4.50	9th	
	2 Paper (B)	3.00	28th	
Store A	10 Pens	5.00	10th	
	6 Magazines	6.00	16th	
Shop Y	4 Notebk (100pg)	4.00	12th	
	4 Notebk (50 pg)	1.20	22nd	

JUAN'S ACCOUNTS RECEIVABLE SITUATION -- END OF MARCH

Customer	Items	Amount	Date	Paid = X
Mrs. Jones	5 Paper (B)	$15.00	3rd	
	14 pens	8.40	15th	
Mr. Rogers	4 Notebk (50 pg)	6.00	7th	
Mrs. Smith	2 Paper (A)	9.00	12th	
	3 Notebk (50 pg)	4.50	27th	
School	6 Magazines	7.50	20th	

THE RESULTS

Given the credit limits set on Juan's store by the suppliers, he is over his limit of $20.00 with Store X, and will be expected to make a payment by the 5th of April. Juan still has credit available with Store A and Shop Y.

Taking the limits Juan has set for his customers into account, only Mrs. Jones is close to her limit as of the end of March. She has outstanding charges amounting to $23.40, near her limit of $25.00.

SESSION 16: SIMPLE BALANCE SHEETS AND INCOME STATEMENTS

TIME: 2 HOURS

RATIONALE:

In order for small businesses to know whether or not they are making a profit, it is essential to utilize balance sheets and income statements. During this session, the participants will focus on the development of simple records for these topics.

OBJECTIVES:

1. To explain the use and format of simple balance sheets and income statements.
2. To practice the development of balance sheets and income statements for projects.

TRAINER PREPARATION:

1. Review the exercises included in the session on : Lesego's Cosmetics Store, and Carol's Bakery to familiarize yourself with the issues and the answers.
2. Review the concepts in the lecturettes on balance sheets and income statements.
3. Prepare newsprint for the following items:
    - session objectives
    - lecturette main points
    - small group instructions
4. Discuss the use of balance sheets and income statements in the local culture to obtain relevant examples for the lecturettes.

MATERIALS:

1. Newsprint and magic markers
2. Pens and paper

PARTICIPANT HANDOUTS:

1. Lesego's Cosmetics Store

2. Carol's Bakery

PROCEDURES:

Introductory Statement: (5 Min)

1a. Introduce the session by explaining that a Balance Sheet serves as a simple way of measuring where the project stands at a given moment in time; it is a snapshot of a project. An Income Statement measures the profitability of a project or business during a period of time; it measures the changes in profitability between two Balance Sheets.

1b. Read over the rationale and the objectives (already on newsprint) and clarify any questions the participants may have regarding them.

Lecturette/Discussion: (15 Min)

2a. Deliver a lecturette on balance sheets, stressing the following points:

a. Components of a Balance Sheet

Assets are what the business/project owns, and this includes cash on hand, money in the bank, equipment, tools, accounts receivable, machinery, buildings, and land.

Liabilities are what the business owes, and they include bank loans, creditors, accounts payable.

Capital and retained profits are listed in the liabilities column. These two items indicate the difference between assets and liabilities. In other words:

Assets = Liabilities + Capital + Retained Profits

b. Importance of a Balance Sheet

It compares the amount of money invested in the project from the owners and from outside investors .

It presents a global picture of where the project is, and the comparison of Balance Sheets over time illustrates the improvement or decline of the project.

c. The Format of the Balance Sheet

BALANCE SHEET

ASSETS		LIABILITIES AND CAPITAL
Cash on hand		Accounts Payable
Bank account balance		Debt to Creditors
Accounts Receivable		Bank Loans
Raw Materials Inventory		
Finished Goods Inventory		Owner's Equity
Tools and Equipment		
Building and Land		Retained Profits
TOTAL ASSETS	=	TOTAL LIABILITIES AND CAPITAL

The Total Assets and Total Liabilities (and Capital) are in balance at all times.

Individual Exercise: (25 Min)

3a. Hand out the example of a Balance Sheet situation, for Carol's Bakery. Ask the participants to complete the following task (already on newsprint):

> Read the notes describing transactions in which Carol's Bakery has been involved and incorporate the information into the Balance Sheet format provided.
>
> Remember that the Total Assets must be equal to the Total Liabilities and Capital. The "Retained Earnings" line is the means by which the two sides are brought into balance.

3b. Hand out the answer sheet and have the participants compare their work with the sheet, making any necessary adjustments.

Lecturette/Discussion: (30 Min)

4. Deliver a lecturette on income statements, stressing the following points:

> While a balance sheet gives a snap shot view of the current situation, an income statement provides a flow description of what has changed over time--either through improving or getting worse.
>
> The income statement answers the key questions----

> Has the business made a profit in the time period? (one month, six months, one business cycle, or a year--as determined by the business person or group members.)
>
> Can the owner take more of the profits home for personal needs?
>
> Does the owner realize how much s/he has already taken out of the business?

Having cash at the end of the period of time is not a guarantee that profits are being made. The cash increase in the case box could be more than compensated for by a big increase in business debts. Conversely, having very little cash in the cash box doesn't necessarily mean few profits. The profits could be in the form of increased machinery and tools, a high inventory of raw materials, credit provided to their "best customers", etc. In essence, Cash Does Not Necessarily Mean Profits!

Ask the participants the following question, and put their responses on newsprint:

> Now that you know the importance of the income statement (also known as a profit and loss statement), and you understand that it isn't the same as cash in hand, what exactly is it?

Put the following on newsprint and review it with the participants after the group has brainstormed a definition of income statements:

INCOME STATEMENT - includes three pieces of information:

Sales Revenues
Cost of Goods Sold
Expenses

SALES REVENUES == Cash Sales and Credit Sales

Source? "CASH IN" "ACCOUNTS RECEIVABLE"

COST OF GOODS SOLD == Cost of raw materials and labor

Source? "CASH OUT" and "ACCTS. PAYABLE"

EXPENSES == Costs such as rent, electricity, maintenance, transportation and wages.

Source? "CASH OUT" and "ACCTS. PAYABLE"

SALES REVENUES - COST OF GOODS SOLD == GROSS PROFIT
(OR MANUFACTURED)

GROSS PROFIT - EXPENSES == NET PROFIT
(SELLING AND ADMIN.)

TRAINER NOTES

"Cost of Goods Sold" refers to a retail operation in which stock is purchased and re-sold.

"Cost of Goods Manufactured" refers to a production operation in which raw materials are processed and converted into final products.

"Expenses" refers to any costs incurred by a retail or production operation in routine administration and sales.

Explain to the participants that the cost of goods sold has to take changes in stock into account. It is not the same as stock purchased because the amount held in the inventory may have increased or decreased.

COST of GOODS SOLD =(Starting stock + cost of purchases) - Ending Stock

COST of GOODS MANUFACTURED = Raw materials + labor + manufacturing overhead.

Small Group Exercise: (30 Min)

6a. Divide the participants into groups of three to develop an income (profit and loss) statement for the Lesego Cosmetics Store (see attached sheet). Provide the following instructions for the task (already on newsprint):

Prepare an income statement for the business for the year, showing the following:

- how much money was received from customers;
- how much money was spent on goods and on other expenses;
- how much profit or loss was made.

6b. Have the small groups exchange their income statements for comments and corrections.

Large Group Discussion: (10 Min)

7a. Ask the participants the following questions about the above exercise:

Was the business a success in its first year? (Yes, because it made a profit).

Should Lesego take money out of the business? (No, there is not enough profit. The business can grow with additional capital).

How do you see balance sheets and income statements being used in your own projects?

What role would you play in the introduction and maintenance of these records?

How can these records assist in maintaining group cohesion?

Closing: (5 Min)

8. Close the session by explaining that these record keeping systems are useful with literate groups that are comfortable working with numbers. The next session will be devoted to developing record systems for non-literate groups who are working with projects.

LESEGO'S COSMETICS STORE

"How have you been getting on?" "Have you made a good profit?" asked B.J. when Lesego came home one day. She had been running her shop in town for a year.

Lesego got out a number of papers where she had written down various things which she thought were important for her business. She had noted the following facts:

1. She had opened her business on January 1.
2. She had started with $300 worth of stock.
3. After paying $300 for the stock, she had set aside $250 in cash for the shop.
4. She had paid $75 a month rent, or $900 a year.
5. She had paid herself a salary of $150 a month; she had not taken out any other money.
6. During the year, she had bought goods from wholesalers for a total of $3,600.
7. She had received a total of $6,500 from customers.
8. She had now $200 worth of goods in stock in the shop and there was $450 in the cash box.

Lesego thought that her business had been quite successful, but when B.J. asked if a profit had been made, she did not know what to say.

INCOME STATEMENT FOR LESEGO'S COSMETICS

January 1 -- December 31

Sales		6,500
Beginning Stock	300	
Purchases	3,600	
Total Goods Available	3,900	
Less: Ending Stock	200	
Cost of Goods		3,700
Gross Profit		2,800
Rent	900	
Salary	1,800	
Total Expenses		2,700
Net Profit		100
Drawing		0
Retained Profit		100

CAROL'S BAKERY

ASSETS	LIABILITIES AND CAPITAL
Cash on hand	Accounts Payable
Bank account	Creditors
Accounts Receivable	Bank Loans
Raw Materials Inventory	
Finished Goods Inventory	Owner's Equity
Tools and Equipment	
TOTAL ASSETS	TOTAL LIABILITIES AND CAPITAL

Carol's Bakery has the following liabilities as of March 31st.

The bakery owes the wheat wholesaler a total of $30.00 for recent purchases and $15.00 is owed to the sugar merchant.

Carol's Bakery has an outstanding loan with the bank in the amount of $86.00.

Mr. Smith lent Carol $20.00 for ongoing expenses. He doesn't need the money back until June.

Carol began the bakery in January with $400 of her own money.

The bakery has the following assets as of March 31st.

The high school owes the bakery $45.00 for bread and cakes purchased during the month.

Mrs. Jones owed $10.00 for breads bought during the last week.

There is cash in the petty cash box in the amount of $12.00.

The bank account for the bakery has $110.00 on March 31st.

In the raw materials inventory, there is $20.00 of flour, $10.00 of salt, $4.00 of powdered milk, and $6.00 of yeast.

The equipment includes an oven, pots and pans, bowls and a mixing machine. The estimated value of these assets is $420.00.

SOLUTION: BALANCE SHEET FOR CAROL'S BAKERY

CAROL'S BAKERY

ASSETS		LIABILITIES AND CAPITAL	
Cash on hand	$ 12.00	Accounts Payable	$ 45.00
Bank account	110.00	Creditors	20.00
Accounts Receivable	55.00	Bank Loans	86.00
Raw Materials Inventory	40.00		
Finished Goods Inventory	---	Owner's Equity	400.00
Tools and Equipment	420.00	Retained Profits	96.00
TOTAL ASSETS =	$637.00	TOTAL LIABILITIES AND CAPITAL =	$637.00

RESULTS:

Carol's Bakery is doing well according to the information provided. The Retained Earnings are $96.00, very healthy in light of an initial investment of $400.00 only a few months before. Additionally, Carol has spread out the debts among short-term and long-term sources, and has a healthy bank balance for any upcoming planned or surprise expenses.

SESSION 17: ACCOUNTING FOR NON-LITERATES

TIME: 4 HOURS

RATIONALE:

Volunteers often work with rural and urban groups in which several of the key actors are not literate. The limits that this may impose on record-keeping and the control of resources and funds need to be addressed. While no coherent all-encompassing accounting system for non-literates is currently available, three prototypes will be discussed.

OBJECTIVES:

1. To raise participant awareness concerning the special needs of a project involving non-literate members.
2. To provide three instruments that may serve as the basis of a non-literate accounting system fitted to specific project.
3. To impress upon participants the difficulties faced when trying to maintain group written records concerning money, production output, etc.

TRAINER PREPARATION:

1. Read the handouts on the different accounting systems for use with non-literates to be familiar with the concepts.
2. Obtain a variety of materials (cans, papers, boxes, colored pens, etc.) that the participants can use in the development of their own non-literate accounting systems.
3. Prepare newsprint for the following items:
    - session objectives
    - small group exercise instructions

MATERIALS:

1. Newsprint and magic markers
2. Props and materials for development of the systems
3. Pens and paper

PARTICIPANTS HANDOUTS:

1. Envelope System of Accounting
2. Symbol System of Accounting
3. Ticket System of Accounting

PROCEDURES:

Introductory Statement: (5 Min)

1a. Volunteers often work with groups which have key actors who are non-literate. This makes the development and maintenance of records and the control of funds more difficult---but not impossible. One of your challenges is to help individuals in these situations understand systems which do not require the ability to read and write.

1b. Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.

Large Group Discussion: (15 Min)

2. Lead a large group discussion by asking the following questions:

How would you define non-literate?

TRAINER NOTES

Be sure that the trainees come up with a definition of non-literate that covers both inability to read, and potential problems with numbers as well as difficulty in writing and a lack of appreciation of the value and importance of records and writing.

What kinds of projects in the host-country may have non-literate members?

TRAINER NOTES

Included in the responses could be the following:

- **Rural and Urban**
- **Women's groups, farmers' groups, craftsmen, credit unions, marketing cooperatives...this is always something to think about**
- **Non-literate people have been entrepreneurs since there were first entrepreneurs -- Do not confuse non-literate with "dumb" and don't confuse unable to write without unwilling to learn and improve one's business situation**

c. Why are many people not literate in host country?

TRAINER NOTES

Included in the responses could be:

- Family obligations may take all your time
- No Schools in many areas
- Lack of textbooks
- No teachers (formal, informal)
- No value on literacy education
- Lack of trust in educators from outside
- Superstition, threat to traditional values

Small Group Exercise: (50 Min)

3. Divide the participants into two groups and assign the following task:

   Given what you now know about record keeping, develop a system for tracking receipts, assets, debts, and money which can be used by non-literates.

   In developing the systems, consider using colors, boxes, envelopes, pictures, etc. Feel free to use newsprint, markers, and any other props which may be helpful, (already in the room).

   Be prepared to present your models to the large group for comments and suggestions for improvement.

Small Group Presentations: (45 Min)

4. Reconvene the participants and have them present their systems to the large group for comments/critique/suggestions for improvement.

BREAK (15 Min)

5. Introduce the second half of the session by telling the participants that they will now have the opportunity to review three different systems recommended for use with non-literates:

- Envelope System
- Symbol System
- Ticket System

Small Group Exercise: (45 Min)

6. Divide the participants into three small groups, and assign each group one of the above record-keeping systems, (including the handouts). Have the small groups complete the following task, (already on newsprint):

> Review the assigned system and determine types of projects for which it would be most appropriate in the host country.
>
> Develop a presentation which could be used in explaining the system to a non-literate person.
>
> Be prepared to present the system to the large group, who will be role-playing non-literate business people. Take ten minutes for your presentation.

Small Group Presentations: (45 Min)

7. Reconvene the participants and have them present their material in the role playing situation with the large group. Allow time for comments and suggestions for improvement.

Large Group Discussion: (15 Min)

8. Lead a large-group discussion of the experience by asking the following questions:

> How easy/difficult did you find it to develop a system for working with non-literates?

Do you feel you now have some effective tools you can use in working with these groups?

Are there any particular points about working with such groups that you weren't aware of before this time?

How do you see yourself approaching these types of situations in the future?

What other types of individuals in the community might be able to assist with record-keeping and analysis for the business/project?

Closing: (5 Min)

9a. Close the session by pointing out that, although working with non-literates may present some unique challenges and frustrations, it also has the potential of providing a particular sense of accomplishment and gratification. Helping these groups gain more control over their resources and profits can make a significant difference in how they manage their overall projects.

9b. Entertain any remaining questions on record-keeping as a whole.

THE ENVELOPE SYSTEM OF ACCOUNTING

This system lends itself to many variations. It is used in one way or another, by illiterate persons, or by quite educated persons also. Take for example the case of many housewives. They receive at the beginning of the month a global sum of money for household expenses. In order to be sure to stay within the limits of their budget, they prepare miscellaneous envelopes, label them with the object of the expenditure, and fill them with the fixed, and in certain cases, with the estimated amount of the expenses.

Envelope #1 will be for rent (fixed amount)

Envelope #2 will be for tuition (fixed amount)

Envelope #3 will be for electricity (estimated amount)

Envelope #4 will be for water (fixed amount)

Envelope #5 will be for telephone (fixed amount)

Envelope #6 will be for transportation (estimated amount)

Envelope #7 will be for groceries (estimated amount)

Envelope #8 will be for first week of market purchases (estimated amount)

Envelope #9 will be for second week of market purchases (estimated amount)

Envelope #10 will be for third week of market purchases (estimated amount)

Envelope #11 will be for fourth week of market purchases (estimated amount)

Envelope #12 will be for savings (estimated amount)

The number of the envelopes, their amount, their object, of course, varies from person to person.

(The Envelope System was designed by Partnership for Productivity, Washington, DC)

Of course, it is an embryonic form of accounting; however, many housewives depend on it. It keeps them from overspending. It is a planning activity and, to use a highly technical term, it is the management of resources. Certainly, it is a very linear accounting. There is only one source of income provided by the wage earner and, generally, the amount remains constant. Nevertheless, an activity which takes some time in large businesses is automatically done in this case: that of the analysis of expenses. Further, you will have noticed that there is an envelope marked "savings". In it go all the residual amounts left in the other estimated amount envelopes. We have said that this is a planning experience. The housewife knows very well that her main objective is to see herself through the month and that she had better figure out a pretty accurate estimate. She usually does. She can either increase the savings envelope or use the money on some other thing. The point I want to make is that the envelope corresponds to the surplus account, to the excess of income over expenditures.

This envelope system is used by some entrepreneurs, again with some variations. One variation will be like this: the entrepreneur is somewhat literate. He uses the same system as the housewife. He labels his envelopes according to items he carries for sale, and each time he makes a sale, he puts the amount in the appropriate envelope. At the end of the day, or of the week, he will know how much his sales for any particular item will have been. The item envelope will be a sort of cash account for the particular item. By taking cash for purchases out of the envelope, he will equate the remaining balance in the envelope as gross profit. If there is not enough cash in the envelope to purchase the equivalent of goods sold, he will realize that he suffered a loss. He will then, according to the case, either discontinue the sale of the particular item or adjust his price upward. Some entrepreneurs use another common envelope in which they put the cash left over from item envelopes. This common envelope serves as a sort of profit and loss account. When it receives the residual amounts of cash from the items envelopes, it represents the gross profit. What is left in it after expenses have been paid from it represents net profit.

As mentioned previously, this system lends itself to many variations. Some entrepreneurs use tin boxes instead of envelopes. Some can mark and label their envelopes; some cannot but use them anyway. It has been our experience to see a totally illiterate person using his envelopes, marking them in his own way, and knowing exactly how much he had in each envelope. He could count up to 100. But he knew that twenty times 5 equals 100. He knew the different bill and coin denominations and would count his money, making little piles of 5. He would mark each pile with a vertical little slash on the envelope up to 4 and 1 horizontal slash, indicating #5. He would continue like that until he would reach 20 sets of slashes. When he had to use money from the envelopes, he would simply erase the slashes representing the amount taken.

THE SYMBOL SYSTEM

Definition
The symbol system is a system elaborated for illiterates.

It is only one system among many. The envelope system is another. We must remember that there is not one magical system for illiterates. Illiterates have been entrepreneurs from time immemorial, and they have found a way their own way to keep their accounts.

In some communities, the entrepreneurs who keep their accounts by registering transactions are looked upon with contempt and disdain by the other entrepreneurs. For the latter, writing is tantamount to a confession of nonintelligence. If a person has to write something in order to remember it, then that person is not bright, does not possess a good mind.

We do not propose to approve; we propose that these individuals are proud of their intellectual capacity and keep their own accounts. They have their own systems.

If, in your practice, you find one of these cases, be humble, try to be positive, learn yourself, and help if you can. Do not impose what you think is best.

Description
The system is based on two sheets: one for the cash received and one for the cash paid out. With these two sheets, the entrepreneur can follow the cash transactions of his business.

Each sheet or page contains spaces lodging the different denominations of the local currency. These spaces are shown horizontally on the top of the page. Between each space, lines are traced vertically to design columns. On the left side of the page will be found symbols related to the types of activities with which the entrepreneurs deal. There will be one sheet for cash receipts and one sheet for cash payments.

As you see, at the top of the sheet, the amounts of currencies are marked in figures, even though illiterates are dealing with the page. The reason is that experience has proven that the illiterates do recognize money, and the value of money.

The page for cash payment will cover items purchased, utilities, services rendered. Therefore, appropriate symbols will be devised to express why a sum of money is issued. A horizontal line will effectively separate each symbol then with this separation, the entrepreneur will know how much has been spent for each symbol, for each type of activity. In order to get this answer, he will fill in the appropriate slots obtained by the crossing of the vertical and horizontal lines. He will fill in by making a slash for each denomination of money used. Again, we reiterate that the average illiterate fully understands money and amounts of money.

At the end of the period, the entrepreneur will have vertical and horizontal totals which must be equal, as in any similar ledger.

(The Symbol System was designed by Partnership for Productivity, Washington, DC.)

THE TICKET SYSTEM

The ticket system is most appropriate when there is a standard product (in terms of packaging, quality, other characteristics). It focuses on the accounting and money control needs of the processing group. This page will summarize the system in terms of a rural rice cooperative that has machines that can hull and winnow the rice.

a) The rice growers go to the processor's "office" and purchase the tickets equal to the number of pounds of rice they want to have hulled and winnowed by the machine. These tickets might be size or color differentiated so that it is clear how much they paid and how many pounds they can have processed.

b) The "office" staff puts the money in a tin, gives the growers the appropriate tickets, and sends them over to the machine worker.

c) The machine worker takes the tickets, then processes the corresponding amount of rice, and puts the rice in a bag, so that it is now ready to be marketed.

d) At the end of the day, the amount of money and the color- or size-coded tickets should match up. To make this system even easier, you can make blue tickets for five pesos, five francs, or whatever bill is BLUE. Then it simply becomes a straight matching up process.

e) The money is stored in a locked box, and the can is now ready for the next day's activity.

f) Periodic meetings are held to decide how much money should be spent on ongoing needs, such as oil and supplies for the machine and pay to the workers, and how much should go into a separate fund for emergency repairs, the future purchase of a new machine.

g) To present a summary of the costs, activity level, and profits from the project, the treasurer of the group needs to compile all the slips for a given period of time and show the costs (from receipts), the activity (from the number of blue tickets, red tickets and so on), and the profit (the difference between the two amounts).

It is strongly recommended that at least one-third of the revenues be set aside for machine spare parts and repairs and the eventual purchase of a new machine.

(Based on Peace Corps work by Ms. Valene Laedlin, Peace Corps/Senegal, 1981.)

SESSION 18: WRITING PROPOSALS

TIME: 4 HOURS

RATIONALE:

Involvement in the development and submission of project proposals for funding is becoming an increasingly common activity for Volunteers. Communities often feel that PCVs are the only ones with sufficient skills and abilities to write proposals and submit them to funding sources--usually Western organizations. Whether Volunteers decide to develop proposals, or assist someone else in doing them, they need a basic knowledge of grant writing, budgeting, financial planning, and systems for project documentation and evaluation. During this session, the trainees will focus on developing that basic knowledge.

OBJECTIVES:

1. To identify and discuss the basic elements of a project proposal.
2. To examine and critique examples of proposal components.
3. To practice writing a sample proposal for a small project.

TRAINER PREPARATION:

1. Research the host country and Peace Corps specifics on proposal writing.
2. Review session outline.
3. Prepare newsprint for the following items:
    - session objectives
    - basic proposal writing principles

MATERIALS:

1. Newsprint and magic markers
2. Tape

PARTICIPANT HANDOUTS:

1. Nine Basic Parts of a Proposal.
2. A Sample Proposal to Critique.
3. "Some Things to Consider Before Starting an Income Generating Project."

PROCEDURES

Introductory Statement: (5 Min)

1a. Introduce the session by explaining the following:

Many SED project ideas begin with a great deal of enthusiasm, only to end quickly because of a lack of essential funding. The prospect of writing a proposal for funding often seems worse than sacrificing the project idea altogether. However, proposal writing, while time-consuming, is not the impossible task that many people believe it to be.

Proposal writing is a skill which can, and should, be transferred to the community. If it is not, real dependency on the Volunteer can occur. The writing should be done with local input and participation.

1b. Review the objectives for the session and clarify any questions the participants may have regarding them.

Lecturette/Discussion on Basic Proposal Principles: (40 Min)

2a. Deliver a lecturette on the basic principles of proposal writing, stressing the following points:

A proposal for funding will be read and judged by someone who wants a clear idea of what the project is about. As a result it should be approached from the point of view of the funding agency.

The basic principles of proposal writing include:

- Plan your project before writing the proposal.
- Use clear, simple language.
- Be concise, brief, and logical.

- The final copy should be clean, neat, and easy to read.
- Be positive.
- Be complete (provide evidence and documentation, but don't overdo it.!)

Proposal writing must be preceded by good planning. If a project is well thought out, proposal writing is simply properly organizing and writing down those thoughts.

The community should seek out what funding possibilities there are before writing begins. Many times funding sources have their own outlines to follow and forms to use when writing a proposal.

2b. Ask the participants what type of information they might want to know about a funding source when assisting a community in the preparation of a project proposal. Put their responses on newsprint.

TRAINER NOTES

Included in the above responses might be the following information:

- What types of projects they fund;
- How much money they have to grant;
- If they have minimum or maximum amounts you can request;
- What funding cycles they have;
- How long it takes to get an answer back about a proposal;
- If the request should be in dollars or the local currency;
- What language the proposal should be written in.

Nine Parts Of A Proposal: (15 Min)

3a. Distribute Handout 1, "Nine Basic Parts of a Proposal", and review it carefully with the participants. Reiterate the importance of good planning before a proposal is written and submitted.

3b. Explain to the participants that they will now have the opportunity to review and critique a sample proposal. Distribute Handout 2, "A Sample Proposal to Critique." Explain that they will read and discuss each part, using the first handout as a checklist or guide.

3c. Encourage the participants to approach this exercise from the point of view of the potential funding agency. They should read the proposal as if it were submitted to them for funding consideration.

Proposal Critique: (60 Min)

4. Guide the participants through the critique of the sample proposal using the Trainer's Guide at the end of this Session.

Large Group Discussion: (15 Min)

5. Lead a discussion of their overall impressions using the following question:

- Would you want to fund this proposal? Why or why not?
- What additional information do you need in order to make a fair decision about funding it?
- What are the strong points of this proposal?
- What are the weak points?

Community Participation in Proposal Writing: (10 Min)

6a. Ask the participants who might have written the sample proposal....one person or a joint community effort.

6b. Lead a discussion about the importance and difficulties in involving the community in the grant writing process and ideas for going about it.

BREAK: (15 Minutes)

Developing Ideas For A Proposal Outline: (15 Min)

7a. Explain to the participants that they will now have an opportunity to put their project ideas into proposal format, using the information and guidelines presented in this session. Have them work individually (or in pairs) for the task.

7b. Distribute the "Worksheet Outline of Proposal" to the participants for use during the exercise that follows. Explain that the more planning that has been done, the easier this exercise will be. Instruct the trainees to use the worksheet and the "Nine Steps Of A Proposal" handouts to develop an outline of ideas for the proposal.

Individual Work: (40 Min)

8. Allow the participants 20 minutes to work individually on the exercise and then give them each ten minutes to share and discuss their ideas with another participant. Encourage constructive comments. Check with each pair at least once during the 20-minute segment to review their progress.

Large Group Discussion: (20 Min)

9. Reconvene the participants and lead a discussion about the problems the participants encountered during the exercise using the following questions:

Has sufficient planning taken place?

What informtion is lacking? Where might you find it?

To what extent has there been community involvement in the planning?

How might the community be involved in the development of proposal ideas?

How might the community be involved in the actual writing of the proposal?

Closing: (5 Min)

10. Remind the participants that proposal writing is a worthwhile skill to transfer to their communities. Ask them what ways they can accomplish this task. Explain to them that the next session will focus on obtaining funding for the proposals they develop with their communties.

TRAINER'S GUIDE TO THE CRITIQUE OF THE SAMPLE PROPOSAL

Introduce each section of the proposal by reading the section out loud, asking a participant to read it to the group, or requesting that the Volunteers review it individually. Each section should be read and discussed before proceeding to the next section.

1. Cover letter--Being brief, simple, and pleasant is important.

2. Summary--The following should be covered in the discussion:

   - The first sentence is too vague. The specific need or problem should be stated in one sentence.

   - The summary should include an interesting sentence describing Santa Isabel. (You might ask participants to describe their own sites in one interesting sentence.)

   - A sentence is needed on methods, i.e., who will carry out the project.

   - The summary should mention the total cost of the project, the amount requested, and funds already obtained.

3. Introduction--Lead a discussion about what is missing or what might be included to make it more interesting. Comments or suggestions may include:

   - Mentioning what main crops are grown might make it more interesting.

   - A better description of their projects, including the amounts of financial assistance, would be helpful.

   - The introduction could describe the population which is served, e.g., mostly children, indigenous, low-income.

   - Some statistics might be used to lend some credibility to the proposal.

   - The proposal might explain what type of forum is used in the community to identify needs and make decisions.

   Discuss what impression the participants have at this point after reading only the summary and introduction. Explain that sometimes the summary and introduction are all that is read to screen applicants. Occasionally only the summary is read for screening.

4. Problem Statement--Discuss their impressions of the problem statement and what might be added or changed to make it a stronger section. Their comments may include:

   - The proposal states that no medical care is available but does not address the possibility that an existing building might serve as a clinic site.

   - We do not know how much of a hardship it is for people to travel 30 kilometers for medical care. How long does it take and what does it cost to get there?

5. Program Objectives--Lead a discussion of the program objectives using the following questions and points as a guide:

   - Will this project solve the problem as it is stated?

   - Can the funding source be assured that the building will be used for the purpose stated and will be properly staffed?

   - Point out that the proposal states that architectural plans are included, although this handout does not have them. Have participants discuss the appropriateness of preparing plans which may be expensive for a proposal which may not be funded. Have them consider it from the point of view of the planner as well as the potential funding source.

6. Methods--Lead a discussion on this section, focusing on important points which have been omitted. Some of the questions they may mention are:

   - Is someone in the Municipality qualified to oversee this project?

   - What is meant by "periodic evaluations"? Shouldn't the evaluation be addressed by a separate section?

   - Why was this land chosen? Is any suitable public land available? Is this the real value of the land?

   Have them consider whether or not the time line is reasonable and discuss potential problems.

7. Evaluation and Documentation--Point out that the sample proposal does not contain sections on evaluation and documentation and future funding needs. Lead a discussion about what these sections might include in this proposal.

8. Budget--Lead a discussion on the reasonableness and completeness of the budget. Encourage Volunteers to approach the budget from the point of view of both the proposal writer and the potential funding source. Remind them that the budget should include all of the costs in specific detail.

NINE BASIC PARTS OF A PROPOSAL

(Adapted from The Grantsmanship Center,
Program Planning and Proposal Writing, Expanded Version.)

1. Cover Letter - Brief, simple and pleasant.

2. Summary - Write it last, but put it at the beginning. State what the community is requesting and why. Briefly state objectives, activities you will conduct to accomplish the objectives, total cost, and what is being requested from this funding source. Limit the summary to half a page.

3. Introduction/Description or Background of the Applicant -Describe the agency's or community's qualifications to establish "credibility". Make it interesting. State who is applying for funds. This section might include:

   - When, why, and how the organization was started;
   - The philosophy, purpose, and goals of the organization (but do not dwell on them);
   - The organization's accomplishments and current activities;
   - The organization's relationship to other agencies and to other community groups;
   - Size and characteristics of the population served;
   - Quotes from letters of endorsement (which can be included at the end of the proposal);
   - Some appropriate data supporting the track record of the organization.

4. Statement of the Problem or Need - Clearly state the community's problem or need--it is the reason behind the proposal. Support it with evidence, including statistics. State clearly who in the community has the problem or need.

   The problem or need should be defined in reasonable dimensions so that the proposal can show how the community will address it with help from the funding source. The problem statement should relate to the purposes and goals of the organization or community.

5. Project Objectives - State what specific outcomes the community wants to accomplish. Use words like "to increase," "to decrease," and "to reduce." Each objective should state who will do what, when it will be done, how much will be done and how it will be measured. The objectives should relate directly to the problem or need.

6. Methods - Clearly describe the activities, methods, or strategies the community will use to accomplish the objectives. State why they chose these particular activities or methods. Describe the sequence of activities (time lines are helpful), the staffing needed, and people who will benefit from these activities. Be realistic and reasonable about the scope of activities and the resources and time needed to accomplish them.

7. Evaluation and Documentation - Explain who will evaluate the project and how and when it will be done. Evaluation has two components: 1) outcome or results, and 2) process, or how the project was conducted. In the proposal define what criteria will be used in the evaluation, how information will be gathered, how the evaluation will be used to improve the project, and what reports will be made.

8. Future Needs for Funding - If the project will be continued or will require maintenance beyond the funding requested, explain how the community plans to cover future financial needs. If partial funds are requested from a funding source, explain where the community will get the rest of the funds.

9. Budget - Find out what budget information the funding source requires. Some sources have specific forms. If a budget is long, a budget summary may be written after completing a detailed budget. Include the complete budget of the project and clearly specify what is being requested from the funding source. Divide the budget into two main categories: 1) Personnel (salaries, benefits, consultants), and 2) Non-Personnel (space costs, utilities, equipment, consumable supplies such as paper and pencils, travel, telephone, and other costs such as insurance or postage). The budget summary can be set up like this:

	TOTAL	TOTAL REQUESTED	TOTAL DONATED
TOTAL THIS PROJECT	$	$	$

I. Personnel

- A. Salaries & Wages
- B. Fringe Benefits
- C. Consultants and Contract Services

II. Non-Personnel

- A. Space Costs
- B. Rental, Lease or Purchase of Equipment
- C. Consumable Supplies
- D. Travel
- E. Telephone
- F. Other Costs

A complete budget will break down each item and explain it in detail.

EXAMPLE OF AN IN-DEPTH PROJECT PROPOSAL

PROPOSED MODEL FRUIT AND FLOWER FARM

Description of the Situation

One of the major problems of the agricultural sector of the country is the lack of a means to disseminate information to the growers. The country lacks a viable, active extension service to serve the rural areas. Due to this lack of education and assistance to the growers, there is a stagnation of agricultural production. There are no resources available for a grower to learn about even the most basic advances in the field, and this lack has led to stagnation in agricultural production. The end result is low productivity.

The proposed model fruit farm project would offer area farmers a total extension and practice program which is not currently available. The long term objective is to significantly improve flower, bush, and fruit tree production in the province in terms of both quantity and quality. Additionally, because the farmers' yields are directly affected by limited water supplies, sandy soils, and water loss resulting from open irrigation ditches, the field instruction will be designed to help the farmers use their limited natural resources more efficiently.

There are several public sector initiatives underway with similar goals. INO has a fruit experimentation project in the province, including fumigation, pruning, thinning, and nursery stock development. However, no field days are held and no reports issued to inform the local farmers of suggested changes based on experiment results. Similarly, the Ministry of Agriculture offers courses on pruning as it relates to fertilizer application but does not have follow-up courses that would be of great interest to the farmers. Also, the Ministry does not make a habit of keeping good records, or of evaluating the results completely.

These public sector initiatives have focused on food production, doing little to augment fruit production, a critical source of income for farmers in this province. By offering only parts of a total production system, the public sector organizations have not really helped address the underlying needs. Until some entity that knows how to communicate clearly with the farmers, using a non-formal education approach, becomes actively involved, production will remain at a disappointing level.

PROPOSED SOLUTION

The apparent solution is initiation of a model fruit and flower farm, with training provided on-site and through field days to disseminate new techniques. In this case, the willing counterpart is a leading farmer in the area, Sr. Carlos Toro. He proposes that his farm be the site of the model farm and, as the budget illustrates, he is willing to put many of his own resources toward this goal. He has a history of community involvement and has offered field days in the past involving some of the crops to be included in this program. He already has won the trust of his neighbors and is determined to bring new, appropriate techniques to the area.

The major thrust of this model farm will be as a learning/practice center for area farmers in all aspects of successsful fruit farming. Field days have already been planned to demonstrate new techniques and procedures and to allow those in attendance to practice all stages from pre-planting to marketing the finished product.

Also, a library will be established on the farm to keep track of costs, production records, experiment results, and meteorological data. Visitors will be free to inspect the data and learn how to duplicate simple control systems.

There is a precendent for this proposed solution. Sr. Roberto Loro is operating a model farm on the outskirts of a nearby large city and has had thousands of school students, extension agents, Ministry officials, and area farmers as visitors to his vegetable farm. The idea of a model farm is a well-respected and effective answer to these problems.

TECHNICAL ASSISTANCE

One of the main advantages of this effort is that there are two specially trained Peace Corps Volunteers working on this project, with three years of professional experience in running water control and fruit tree projects. Steve and Stephanie Jones will be in the area for the next fourteen months at least. This will give them enough time to take the farmers through several cycles of the flower crops and to assure that the important initial care of the fruit trees is taken care of. They have been trained in non-formal education techniques and have proven themselves to be able extension workers. This project will become the central focus of their work. Steve and Stephanie also have been in touch with representatives of other technical assistance agencies and private groups to line up additional technical expertise and create strong organizational ties between the farmers and other interested parties.

THE WORK PLAN

An overall work plan has been drawn up by the farmer and the Volunteers. It includes the following steps in what is called a "total program agenda".

Apples

--Pre-plant planning
  (Soil analysis, water, spacing)

--Install irrigation system
--Planting (root stock, scion wood, grafting)
--Training sessions on pruning, fertilizing, disease control
--Dormancy induction
--Soil replenishment
--Harvest (maturity analysis, post harvest handling, cold storage, commercialization)

Flowers

--Pre-plant planning
  (Soil analysis, water, raised seed Beds, spacing, organic material)
--Install irrigation system
--Transplant

--Training
--Fumigation
--Fertilization
--Harvest (post-harvest handling, commercialization)

Similar plans are being drawn up for the other fruit tree crops involved along the lines of the above plan for apples. These will include peach and plum trees. Blackberries and strawberries will also have plans that can be generalized to some degree for similar bush crops.

The following field days have already been planned for the model farm's early stages, with additional days to be prepared and presented when the crop agenda becomes complete.

June	How to plant blackberry, fertilization, bowers, fumigation, and an explanation of the simple irrigation system (how it was installed, why, and how to manage it).
July	How to plan a system to control costs of the farm.
August	How to plant root stock for apples, peach, and plum. Use of chemicals and fertilizers for new plants. Soil conservation techniques.
October	How to make high seedbeds for flowers, apply fertilizers in high seedbeds, and plant carnations; also why plastic is used to cover seedbeds in early growth stages.
February	How to handle carnations; includes harvesting, pruning, and fumigation; as well as preliminary details on commercialization.

These field days will be not only to demonstrate the techniques, but also to give the farmers a concrete learning experience. The farmer and Volunteers believe that this program will alleviate the short-term and long-term extension needs of the area's farmers. They will need time to observe the techniques for some time before adopting these practices themselves. The Agricultural Center of the provincial capital has generously offered to take care of promoting the field days and will help to prepare the sites in advance.

THE EXPECTED BENEFICIARIES

The project has been designed from the beginning to reach the maximum number of people possible. Since almost every family produces some fruit, there are literally hundreds of farmers who stand to benefit from better use of fertilizer, new seed varieties, and better techniques regarding water use and soil conservation. Recent census information shows that there are over 220,000 people in the fruit-producing part of this province and that over 20,000 will be within a few hours' bus ride from the model farm.

The average land holding of these farmers is between one and two hectares, enough to warrant some commercialization on the part of most of them. Also, they are most likely to take advantage of the seasonal courses and to visit the farm to see the record systems and techniques in operation.

Since the model farm is located within half a mile of the University's agricultural studies center, the University has already expressed interest in using the model farm as a teaching tool on a regular basis. The farm will, therefore, be open to graduate students, research groups and other interested parties.

Additionally, Ministry officials have said that they will be taking on two new extensionists to encourage fruit production in the region and would be interested in exposing the new workers and current staff to the techniques. Ultimately, these extensionists will be based out of the model farm, making the necessary contacts and participating in field days and other demonstrations.

Finally, Peace Corps Program Manager Julio Iglesias has expressed interest in using the model farm as a training center for agricultural extension Volunteers in the future, depending on the types of requests for Volunteers received from host-country organizations.

THE WORK STEPS

What	Who	When
1) Investigate Markets	PCV and Farmer-Owner	Started in May
2) Begin Accounting System	Visiting SED Volunteer and farmer's son	Started in June
3) Plant Blackberries	PCV and Farmer-Owner	June
4) Install irrigation system	PCVs and Farmer-Owner	July
5) Apple Organic Fertilizer	PCVs and Farmer-Owner	August
6) Buy Apple Stock	Proyecto Provincial (private group)	September
7) Plant Pasture Grass	Owners September	
8) Build Fencing	Owners September	
9) Buy Carnations	Proyecto Provincial	September
10) Build Seedbeds	PCVs, Program Manager and Owners	October
11) Plant Carnations	Owners and PCVs	November
12) Install Plastic	Owners and PCVs	November
13) First Carnations Harvest	Owners	February
14) First Harvest of Blackberries	PCV and Owners family	June
15) Buy Meteorological Equipment	Owners	June
16) Fumigation	Owners and PCVs	All Year
17) File Meteorological Data	Owners	Daily

As is evident above, several organizations have already committed themselves in very concrete ways to assist with the model farm. Proyecto Provincial is a twelve-year old organization made up of private farmers (both small and large) that is committed to improving the variety and quality and increasing production of various crops. It should also be pointed out that the farmer's oldest son is now in his third year of study at the nearby university, focusing on the same crops involved in this project study.

MEASURING THE RESULTS

To measure the success of transferring information, we will look for a steady improvement in area fruit production in quality, quantity, and the price received by the producers. Within five years, we should see the demonstrated practices becoming standard. Of course, specific parameters are more difficult to include here, since we are dealing with a social change on the part of the local farmer.

For the model farm, it is estimated that it will harvest just over 38,000 carnations in the first year, for a gross income of just under $2000 (US). During the third year, 1500 apple trees will produce 1/3 box each at about $18.00 per box. By achieving these high but realistic results the work of convincing the neighboring farmers of the value of these methods will become much easier.

THE BUDGET REQUIRED TO MAKE THIS A REALITY

SOME THINGS TO CONSIDER BEFORE STARTING AN INCOME-GENERATING PROJECT

Income-generating projects are currently being emphasized by Peace Corps, and with good reason. They can provide work for the individuals involved, products and services for the economy, and profits to be reinvested or used to better the standard of living of the participants.

But there are certain risks involved in such projects. They should never be attempted with the attitude, "Well, it couldn't hurt to try!" Failed projects mean crushed hopes for the people who worked on them and a distrust of future ideas. They can take people or their resources from a subsistence level and leave them with less. They waste time and money that could be spent on successful projects. And perhaps most importantly, on a larger scale, they create inflationary pressure on the economy by injecting more capital than it knows what to do with.

With these points in mind, you must consider very seriously the chances of success for your project and the impact it will have whether or not it is successful. Of course, every project will have a different set of factors to consider, but the following ideas may help get you started:

1. Successful businessmen and women have the right mix of cynicism and hope (probably weighted on the side of caution and cynicism). What could possibly go wrong? Remember that most businesses fail within a relatively short time period. Peace Corps-sponsored income-generating projects are no exception to this rule. Practically all the Volunteers thought that theirs was going to be a successful project.

2. Injecting "free" money into the economy does not help. In fact, history proves that it often hurts. Many countries which were once net food exporters have, through experiments and "easy" funds from outside in the form of loans, become net food importers. Starting a sweater cooperative that takes even marginal subsistence level farmers out of their fields may leave them worse off if it fails in the first few years. Capital is not what the economy needs -- well-directed capital is what is in short supply.

3. Private sector funding may be easier than you think. DON'T count it out on the basis of what you have heard. For example, it is usually much easier to get a loan for a small business project in many countries than it is in the United States. The inflation rate is a component of interest rates and, with an average small business loan interest rate of 18% and an inflation rate of 60%, the real interest rate on a bank loan is actually negative. Many banks have small armies of technicians to evaluate projects. These people may be well-trained and their opinion may prove invaluable on whether a project is going to make it.

   Another important point is that bank loans teach responsibility, whereas grant money can foster dependence. If a member of your future business will not approach the bank for a loan, what may raise questions about their level of commitment. Also, if a business cannot pay back the principal and interest at 18%, in a country with an inflation rate that is much higher, then the project's feasibility should be questioned. It is likely that such a venture would run out of steam in the first few years anyway, living off its own initial capital. It will just take a little longer to fall apart with a grant than with a loan.

With this in mind, a general rule of thumb could be that, when seeking capital to start an income-generating project, the person's private capital (from family loans, from sales of unnecessary property) should be exhausted before looking outside. This would raise the level of commitment and add to chances for success.

4. Remember to ask the question "Do they really have the time?". Keep in mind that there is a different attitude toward time. If the women in your sewing cooperative explain that their husbands won't mind if they work instead of cooking the family dinner, don't believe them. Also, just because it appears that there are a lot of people with nothing to do in June doesn't mean that, when the harvest is ready in August, they won't be tied up for several weeks. Although most people will claim to have plenty of free time for projects, you may find that they are more occupied than you think -- whether with another job or in social activities. Will they really be willing to give that up?

5. Where the original project idea comes from will be most important. You may notice that it is easy to get someone to agree to a project, but another thing to get them to actually work on it. Your enthusiasm for your idea will be reflected by the individual or group out of respect and a genuine desire not to hurt your feelings. When the work really begins, you may find yourself dragging your counterpart through even the easiest steps. A much healthier approach would be to have the original idea come from your counterpart, with you playing the supportive role.

   Be careful about the way you phrase your questions since some come with almost automatic answers. "I've got a great idea that can make you a lot of money; Are you interested?" is a good question to ask if you are looking for the answer "Yes". A more honest and informative approach would be to phrase it as follows; "Are you willing to spend a few months working at something with the possibility of making a profit some time in the future?".

6. Have you examined every aspect of the business in question? Businesses are very complicated, and looking at them from only one or two standpoints would be a mistake. The high price of the product is irrelevant if there is no way to deliver it to the market. Also, just because the price is high doesn't mean that it won't drop dramatically later on. If you double production based on today's high price, you may live to regret it. The high market price could represent the importance of intermediary services involved, such as transportation costs. The actual price paid the producer could be much lower.

7. Many host countries have very small domestic markets. Given the unreliable distribution infrastructure, the reachable market becomes even smaller. Just because someone in town has a successful business going doesn't necessarily mean that someone else can duplicate the success. Will demand for the products pick up just because the supply increases, or will both producers face the hard fact that, to sell what they make, they will have to lower the price?

Be very careful with grant money in a situation like this. The free capital may give one producer an unfair advantage to the newcomer and drive the first producer, who used his own capital investment or borrowed and now faces repayments, out of business.

8. Will your counterparts be willing to work for a while before seeing any personal income? It usually takes quite a bit of time before profits are generated. The first sales don't typically contain much profit and probably will have to be reinvested in their entirety to assure continuance of the business. This is especially difficult for those who have worked for others in the past, and are accustomed to regular pay.

   Remember that income for the business is not the same as income for the businessman. Care should be taken to establish some kind of basic accounting system to assure that profits and not capital are removed for personal use of the owner. This will enable the business to continue.

9. In many countries, social life is a high priority. Nevertheless, if the business is to succeed, business matters have to come first. This can be especially difficult in working with a cooperative or a group business. If you suspect that the business is being started more as a social club and less as an income-generating entity, then reconsider their commitment. You will probably find that, as soon as there is tension socially among the members, even if it is totally unrelated to the business, the whole thing will collapse if the reason for starting it wasn't the business itself.

10. Will you have enough time to complete your commitment to the project? You will inevitably find that each step takes longer than originally planned. Will you be willing to extend? Will this project cause you to neglect other duties? A half-completed income-generating project is very likely to end in failure.

11. Don't start a project simply as a way of breaking the ice, of gaining community acceptance. This may prove especially tempting when you first arrive on the scene, unaccustomed to the lifestyle, customs and language. There will be a great deal of obvious and hidden pressure for you to produce funds and other resources from the outside, but remember to stop and do your homework first. Projects are supposed to help the community in concrete ways, not to help you get settled.

12. The scale of the project should be the smallest possible. Let it grow on its own, if it proves to be successful. A small project can be administered more easily by the Volunteer and counterparts, neither of whom may have much in the way of project management experience. The possibility of a negative impact on the surrounding community is lessened. Also, the risks are lowered, which can make a big difference to the individuals and community participants. Since any new project or business is an experiment, keep it small and keep it simple. If the project has potential, it will be able to line up outside participants, such as a bank willing to lend support.

13. Production enterprises should be the ones emphasized, whether they are industrial or agricultural. There are already twenty lettuce sellers for every lettuce grower. This can lead to higher prices, low incomes and an inefficient economy. Another neighborhood store will not be nearly as useful as a new producer of one of the goods the store sells.

14. Ideas that are feasible to you may seem inappropriate to others for cultural reasons. The simple fact is that an idea may fail because of the emphasis on tradition in many places. For instance, while American consumers are quality sensitive when they purchase fish, in some countries the consumers are price sensitive. A fish project that sells fresher fish for a little more money may fail, not because people don't want fresher fish -- but because they are not willing to pay that little extra for it.

With all these things to check out when considering a project, it is important that you not get swept up in the enthusiasm before thinking about the repercussions and incentives that such a project might promote. Coming up with a project can be exciting and very valuable -- but it can also be dangerous for other individuals and communities, not something to be attempted and encouraged lightly.

SESSION 19: FUNDING OF PROPOSALS

TIME: 1 to 2 HOURS

RATIONALE:

In order to give the participants an overview of the types of funding sources that are available to them in their countries, this session will provide information on the following: potential funding institutions and their goals/purposes; types of projects given consideration; availability of grant/loan monies; methods of obtaining more information on applying for funding.

OBJECTIVES:

1. To acquaint the participants with potential funding sources within their host country--both local and international.
2. To familiarize the participants with funding source requirements for proposals.

TRAINER PREPARATION:

1. Identify potential funding sources within the Host Country, both local and international; invite representatives of these organizations to the session, if possible.
2. Review funding source requirements for proposals.
3. Review objectives for this session.
4. Prepare newsprint for the following items:
    - session objectives
    - names of funding sources

MATERIALS:

1. Newsprint and magic markers

PARTICIPANT HANDOUTS:

1. Criteria for funding for local agencies, including the following: AID, CARE, SAVE THE CHILDREN, WORLD VISION, CHRISTIAN CHILDRENS FUND, TRICKLE UP PROGRAM, EMBASSIES, WIN ROCK INTERNATIONAL (Heiffer)

PROCEDURES

Introductory Statement: (5 Min)

1a. Introduce the session by explaining to the participants that there are many funding sources and that in this session we are going to talk about the resources that are available in ________________.

1b. Review the objectives for the session and clarify any questions the participants may have regarding them.

> **TRAINER NOTES**
>
> This session can be as brief as you would like, only mentioning a few prime sources, or as in-depth as you might like, listing all possible sources.

Funding Institutions: (As Needed)

2. Present information on the variety of funding sources available in-country (have a panel of funding representatives make the presentations, if possible). Include the following information in the presentations:

- their goals
- purpose
- types of projects given consideration
- availability of grant/loan monies
- methods of obtaining more information

> **TRAINER NOTES**
>
> If available pass out guidelines for each organization for each organization as it is discussed.

Successful Programs (As Needed)

3. Present brief descriptions of the successful projects in the host country in which Peace Corps Volunteers have played a role in obtaining funding with the community group or individual, highlighting the areas of the proposals which played a key role in obtaining the funding.

TRAINER NOTES

You may well want to have the Volunteers involved make these presentations.

Closure

(5 Min)

4. Summarize Module 9 - Ask the participants to summarize the points they have derived from the Module. Review session objective.

SESSION 20: EVALUATION OF THE IN-SERVICE TRAINING PROGRAM

TIME: 1 HOUR, 20 MINUTES

RATIONALE:

All in-service training programs need constructive evaluations to determine if the objectives have been met. During this session, the participants will complete an evaluation instrument and discuss problems and potential improvements for future in-service training programs.

OBJECTIVES:

1. To evaluate the in-service training in writing, checking individual and group accomplishments against the objectives.
2. To identify specific ways in which the design and implementation can be improved for future programs.

TRAINER PREPARATION:

1. Remind the participants to bring their copies of the in-service training objectives.
2. Make a few copies of the objectives for participants who have either forgotten or lost their own.
3. Put the following on newsprint:
   - session objectives
   - small group instructions

MATERIALS:

1. Newsprint and magic markers

PROCEDURES:

Introductory Statement: (5 Min)

1a. **Introduce the session by explaining to the participants that a careful review and evaluation of the in-service training accomplishes two important goals: it helps them to see what they have learned and what still needs attention in the future; it allows the trainers to consider necessary adjustments in the training design for future programs.**

1b. **Review the objectives for the session (already on newsprint) and clarify any questions the participants may have regarding them.**

Writing Evaluation: (15 Min)

2. **Distribute copies of the Evaluation Form to the participants, and explain that they will have 15 minutes to fill it out. Tell them that there will be a discussion afterwards.**

> TRAINER NOTES
>
> Ask the participants to bring their copies of the training objectives from each of the sessions.

Individual Accomplishments: (20 Min)

3a. **Have the participants write down the most significant things they have learned in the in-service training program.**

3b. Ask each participant to briefly summarize his/her personal **accomplishments in IST for the large group.**

Problem Identification: (20 Min)

4. Divide the participants into small groups (3 - 4 members each) and assign the following task (already on newsprint):

- Identify 2 - 3 aspects of the training program which need to be improved for future programs.
- Recommend specific ways in which the improvements could be made.
- Put the list of issues and recommendations on newsprint and post it on the wall.

Large Group Discussion: (15 Min)

5. Reconvene the large group and review the newsprint suggestions with them. Have one of the participants summarize the observations and suggestions for improvement. Circle those observations which seem to be generally agreed upon and most feasible for future implementation.

Closing: (5 Min)

6. Close the session by asking the group to comment on the written evaluation instrument and ask them to suggest other ways in which program evaluation can be handled.

Since 1961 when the Peace Corps was created, more than 80,000 U.S. citizens have served as Volunteers in developing countries, living and working among the people of the Third World as colleagues and co-workers. Today 6000 PCVs are involved in programs designed to help strengthen local capacity to address such fundamental concerns as food production, water supply, energy development, nutrition and health education and reforestation.

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